

RECORDATION NO. 2499 Filed & Recorded

SEP 29 1976 10 23 AM

INTERSTATE COMMERCE COMMISSION

6-274A024

Interstate Commerce Commission
Washington, D. C.

Gentlemen:

Date SEP 30 1976

Fees 50-

ICE Washington, D. C.

Enclosed for recordation under the provisions of Section 20(c) of the Interstate Commerce Act, as amended, are the original and ~~two~~ ^{four} counterparts of a Security Agreement-Trust Deed dated as of June 1, 1976.

A general description of the railroad rolling stock covered by the enclosed documents is set forth in Schedule A attached to this letter and made a part hereof.

The names and addresses of the parties are:

Debtor: No. 2 Rail Car Leasing Company
P. O. Box 218
Chicago Heights, Illinois 60411

Secured
Party: Continental Illinois National Bank
and Trust Company of Chicago, as Trustee
231 South LaSalle Street
Chicago, Illinois 60690

RECEIVED
SEP 30 10 23 AM '76
I.C.C.
FEE OPERATION
BR.

The undersigned is one of the parties mentioned in the enclosed document and has knowledge of the matters set forth therein.

Please return the original ^{and two counterparts of} Security Agreement to James E. Luebchow, Chapman and Cutler, 111 West Monroe Street, Chicago, Illinois 60603.

Also enclosed is a check in the amount of \$50.00 covering the required recording fee.

Very truly yours,

NO. 2 RAIL CAR LEASING COMPANY

By

Its

John H. Hartley
and *...*

Enclosures

DESCRIPTION OF EQUIPMENT

DESCRIPTION:	One hundred 100-ton 56-2/3' Bulkhead Flat Cars
MANUFACTURER:	Thrall Car Manufacturing Company
IDENTIFICATION MARKS AND NUMBERS (BOTH INCLUSIVE):	MILW 62150 through MILW 62249
ORIGINAL LOAN VALUE PER ITEM:	\$35,500.00

EXHIBIT A

Interstate Commerce Commission
Washington, D.C. 20423

OFFICE OF THE SECRETARY

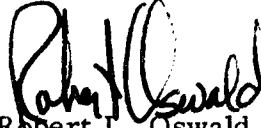
September 30, 1976

**Mr. James E. Luebchow
Chapman and Cutler
111 West Monroe Street
Chicago, Illinois 60603**

Dear Mr. Luebchow,

The enclosed document(s) was recorded pursuant to the provisions of Section 20(c) of the Interstate Commerce Act, 49 U.S.C. 20(c), on **9-30-76** at **10:25 AM**, and assigned recordation number(s) **8499**.

Sincerely yours,


Robert L. Oswald
Secretary

Enclosure(s)

**SE-30
(5/76)**

REGISTRATION NO. 3459 FILE 2 10/1/76

SEP 8 9 1976 11 03 AM

INTERSTATE COMMERCE COMMISSION

SECURITY AGREEMENT-TRUST DEED

Dated as of June 1, 1976

FROM

NO. 2 RAIL CAR LEASING COMPANY

Debtor

TO

CONTINENTAL ILLINOIS NATIONAL BANK
AND TRUST COMPANY OF CHICAGO,
as Trustee

Secured Party

Relating to

\$2,500,000 9-7/8% Secured Notes
Due 1977-1991

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SECURITY AGREEMENT-TRUST DEED ("Security Agreement") dated as of June 1, 1976 from NO. 2 RAIL CAR LEASING COMPANY, an Illinois corporation, having a Post Office address at P. O. Box 218, Chicago Heights, Illinois 60411 (the "Debtor"), to CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO, a national banking association, having a Post Office address at 231 South LaSalle Street, Chicago, Illinois 60690, as Trustee (the "Security Trustee").

RECITALS:

A. The defined terms used in this Security Agreement shall have the respective meanings indicated in Section 8.01 unless elsewhere defined or the context shall otherwise require.

B. The Debtor and each of the Lenders have entered into separate Loan Agreements each dated as of June 1, 1976 (the "Loan Agreements") providing for the several commitments of the Lenders to make loans to the Debtor on or prior to September 30, 1976 (not exceeding \$2,500,000 in the aggregate principal amount, to be evidenced by the 9-7/8% Secured Notes (the "Notes") of the Debtor described in Section 1 hereof.

C. All of the requirements of law have been fully complied with and all other acts and things necessary to make this Security Agreement a valid, binding and legal instrument for the security of the Notes have been done and performed.

NOW, THEREFORE, the Debtor in consideration of the premises and of the sum of Ten Dollars received by the Debtor from the Security Trustee and other good and valuable consideration, receipt whereof is hereby acknowledged, and in order to secure the payment of the principal of and interest on the Notes according to their tenor and effect, and to secure the payment of all other Indebtedness Hereby Secured and the performance and observance of all covenants and conditions in the Notes and in this Security Agreement and in the Loan Agreements contained, hereby grants to the Security Trustee, its successors in trust and assigns, a security interest in, all and singular of the Debtor's right, title and interest in, all and singular, the following described properties, rights, interests and privileges (hereinafter collectively referred to as the "Collateral"):

DIVISION I

The Items of Equipment described in Schedule A attached hereto and made a part hereof, together with all accessories, equipment, parts and appurtenances whether now owned or hereafter acquired, and all substitutions, renewals or replacements of and additions, improvements, accessions and accumulations to any and all of said Items of Equipment, together with all the rents, issues, income, profits and avails therefrom, subject, however, to Permitted Encumbrances referred to in Section 8.01.

DIVISION II

All right, title, interest, claims and demands of the Debtor, as lessor or otherwise, in, under and to that certain Lease between the Debtor, as lessor, and the Lessee, as lessee, and all Rentals and Supplemental Rent due and to become due thereunder, including any and all extensions or renewals thereof insofar as the same cover or relate to the Equipment; it being the intent and purpose hereof that the assignment and transfer to the Security Trustee of said Rentals and Supplemental Rent due and to become due under the Lease shall be effective and operative immediately and shall continue in full force and effect and the Security Trustee shall have the right to collect and receive said Rentals for application in accordance with the provisions of Section 4 hereof at all times during the period from and after the date of this Security Agreement until the Indebtedness Hereby Secured has been fully paid and discharged.

DIVISION III

All property of any kind that may hereafter be conveyed by the Debtor, or by anyone on its behalf and with its consent, to the Security Trustee as Trustee hereunder, the Security Trustee being hereby authorized to receive any property so conveyed and to hold it as additional security hereunder, subject to all provisions hereof not inconsistent with the terms of such conveyance.

The Security Trustee, its successors in trust and assigns shall have and hold the Collateral forever; IN TRUST NEVERTHELESS, upon the terms and trusts herein set forth, for the equal and proportionate benefit, security and protection of all present and future holders of the Notes outstanding under the Loan Agreements from and after the issuance of the Notes, without preference, priority or distinction of any Note over any other Note by reason of priority at the time of issue, sale, negotiation, date of maturity thereof or otherwise or any cause whatsoever; provided, always, however, that such security interest is granted upon the express condition that if the Debtor shall pay or cause to be paid all the Indebtedness Hereby Secured and shall observe, keep and perform all the terms and conditions, covenants and agreements herein and in the Loan Agreements and the Notes contained, then these presents and the estate hereby granted and conveyed shall cease and this Security Agreement shall become null and void; otherwise to remain in full force and effect.

SECTION 1. THE NOTES; REGISTRATION; TRANSFERS, ETC.

Section 1.01. The Notes.

The Notes shall be limited to \$2,500,000 in aggregate principal amount, except for Notes issued upon transfer, exchange or substitution as provided herein. The Notes shall be dated the date of issue, shall bear interest at the rate of 9-7/8% per annum prior to maturity (computed on the basis of a 360-day year of twelve 30-day months), such interest to be payable semi-annually on March 15 and September 15 commencing on the first of such dates next after the date of issuance of the Notes, shall be expressed to mature in 15 equal consecutive installments of principal payable on each annual anniversary date of the date of issuance of the Notes (each such anniversary date and semi-annual interest payment date being hereinafter referred to as a "Payment Date"), and shall be otherwise substantially in the form attached hereto as Exhibit 1.

Section 1.02. Interest Accrued.

The Notes shall be dated as of their date of issue, and shall bear interest from and including their date of issue to but excluding the dates upon which interest is due and payable; provided, however, that, in the case of any Note issued upon transfer of or in exchange for an outstanding Note or Notes, such Note shall bear interest from, and shall be dated as of, the date to which interest has previously been paid or made available on the outstanding Notes, or, if no interest has previously been so paid or made available on the outstanding Note, such Note shall bear interest from, and shall be dated as of, the date of the Notes so transferred or exchanged.

Section 1.03. Registration, Transfer and Exchange of Notes.

(a) The Debtor shall cause to be kept at the corporate trust office of the Security Trustee a register for the registration and registration of the transfer of the Notes and, upon presentation at such office for such purpose, the Debtor will, under such reasonable regulations as it may prescribe, cause to be registered or transferred thereon Notes as herein provided. The Debtor hereby appoints the Security Trustee its Note Registrar to register Notes and to register the transfer of Notes as herein provided.

(b) Whenever any Note shall be surrendered for transfer at the corporate trust office of the Security Trustee, together with a written instrument of transfer, in form approved by the Security Trustee, duly executed by the registered owner, or by his attorney authorized in writing, the Debtor shall execute, and the Security Trustee shall authenticate and deliver in exchange therefor, a new Note or Notes of the same maturity for the same aggregate unpaid principal amount. All Notes so surrendered shall be promptly cancelled by the Security Trustee.

(c) The holder of any Note outstanding hereunder may surrender the same to be exchanged for Notes of different denominations. Upon cancellation of the surrendered Note, the Debtor shall execute and the Security Trustee shall register, authenticate and deliver in exchange therefor a like aggregate original principal amount of Notes of the same maturity date in the denomination of Fifty Thousand Dollars (\$50,000) each or any multiple thereof except that any principal amount of such surrendered Note in excess of a multiple of Fifty Thousand Dollars (\$50,000) shall be evidenced by a Note in principal amount equal to such excess, provided, however, any Notes so delivered in exchange may be in any denominations approved by the Debtor.

Section 1.04. Payment of the Notes.

(a) The principal of, premium, if any, and interest on the Notes shall be payable at the principal corporate trust office of the Security Trustee, in lawful money of the United States of America. Payment of principal and interest on the Notes shall be made only upon presentation of such Notes to the Security Trustee for notation thereon of the amount of such payment.

(b) Notwithstanding the foregoing provisions of paragraph (a) of this Section 1.04, if any Note is registered in the name of a Lender or a nominee thereof, or registered in the name of any subsequent holder named in a written notice from the Debtor to the Security Trustee and stating that the provisions of this paragraph shall apply, the Security Trustee shall make payment of interest on such Notes and shall make payments or prepayments (except in the case of a payment or prepayment which will discharge

all indebtedness of the Debtor evidenced by such Note) of the principal thereof, and any premium, by check, duly mailed, by first-class mail, postage prepaid, or delivered to such holder at its address appearing on the register referred to in Section 1.03(a) hereof and such holder (or the person for whom such holder is a nominee) will, before selling, transferring or otherwise disposing of such Note, present such Note to the Security Trustee for transfer as provided in Section 1.03 hereof. All payments so made shall be valid and effectual to satisfy and discharge the liability upon such Note to the extent of the sums so paid. The Security Trustee is authorized to act in accordance with the foregoing provisions and shall not be liable or responsible to any such holder or to the Debtor or to any other Person for any act or omission on the part of the Debtor or such holder in connection therewith.

(c) So long as any Note is registered in the name of a Lender or a nominee thereof, the Security Trustee will, upon written notice from such Lender or its nominee given not less than 20 days prior to the payment or prepayment of the Notes, cause all subsequent payments and prepayments of the principal of, and interest and premium, if any, on the Notes registered in the name of such Lender or its nominee to be made to any bank in the continental United States as shall be specified in such notice by wire transfer to such bank in funds immediately available on each such date such payment or prepayment is due.

Section 1.05. Persons Deemed Owners.

The Debtor and the Security Trustee may treat the Person in whose name any Note shall be registered upon the books of the Debtor as the absolute owner of such Note for the purpose of receiving payment of or on account of the principal of and interest on such Note and for all other purposes, whether or not such Note shall be overdue; and all such payments so made to any such registered owner or upon his order shall be valid and effectual to satisfy and discharge the liability upon such Note to the extent of the sum or sums so paid, and neither the Debtor nor the Security Trustee shall be affected by any notice to the contrary.

Section 1.06. Charges on Exchanges.

Any exchange or transfer of Notes shall be made at the Debtor's own expense.

Section 1.07. Execution, Authentication and Delivery of Notes.

(a) The Notes shall be executed on behalf of the Debtor by its President or a Vice President, under its corporate seal attested by its Secretary or an Assistant Secretary, or by such other form of execution as may be prescribed by a resolution of its Board of Directors.

(b) The Notes when executed shall be delivered to the Security Trustee for authentication; and the Security Trustee shall authenticate and deliver said Notes as in this Security Agreement provided and not otherwise. Only such Notes as shall bear thereon a certificate of authentication substantially in the form and text set forth in Exhibit 1 attached hereto, executed by the Security Trustee, shall be secured by this Security Agreement or be entitled to any lien, right or benefit hereunder; and such authentication by the Security Trustee upon any Note shall be conclusive evidence that such Note has been duly authenticated and delivered hereunder.

Section 1.08. Mutilated, Lost, Stolen and Destroyed Notes.

(a) A mutilated Note may be surrendered to the Debtor or the Security Trustee and thereupon the Debtor shall execute and the Security Trustee shall register, authenticate and deliver in exchange therefor a new Note of like tenor and principal amount. The Security Trustee shall cancel the mutilated Note.

(b) If there be delivered to the Debtor and to the Security Trustee such security or indemnity as may be required to save each of them harmless, then in the absence of notice to the Debtor or the Security Trustee that such Note has been acquired by a bona fide purchaser, the Debtor shall execute and upon its request, the Security Trustee shall register, authenticate and deliver in lieu of any such destroyed, lost or stolen Note, a new Note of like tenor and principal amount. If the holder of any such lost, stolen or destroyed Note is an institutional investor, then such holder's own agreement of indemnity shall be deemed to be satisfactory.

(c) If any such mutilated, lost, stolen or destroyed Note shall have matured or will mature not more than 10 days thereafter, instead of issuing a substitute Note, the Debtor, with the consent of the Security Trustee, may pay the same. Any new

Note issued under this Section in lieu of any Note alleged to have been lost, stolen or destroyed shall constitute an additional original contractual obligation of the Debtor whether or not the Note alleged to have been lost, stolen or destroyed shall be at any time enforceable by anyone; and such new Note shall be entitled to the lien, security and benefits of this Security Agreement equally and ratably with all other Notes hereby secured. The Debtor and the Security Trustee, in their discretion, may place upon any such new Note a legend, but such legend shall in nowise affect the validity of such new Note. The Debtor may at its option require the payment of a sum sufficient to reimburse it for any stamp tax or other governmental charge in connection with the issuance of any such new Note.

(d) Any Note in lieu of which another Note has been authenticated and delivered as permitted in Section 1.07(b) shall not be treated as an indebtedness for any purpose hereunder and the Debtor shall not be required to pay or provide for payment of same unless prior to satisfaction and discharge of this Security Agreement, such Note has been presented to the Security Trustee with a claim of ownership and enforceability by the person possessing such Note and the enforceability of such Note, if contested by the Debtor, has been determined in favor of such person by a court of competent jurisdiction.

Section 1.09. Cancellation.

All Notes when fully paid as to principal and interest shall be surrendered to the Security Trustee and promptly cancelled, and a certificate of such cancellation shall be delivered to the Debtor. No Notes shall be authenticated in lieu of cancelled Notes or in exchange therefor except as permitted by this Security Agreement.

SECTION 2. COVENANTS AND WARRANTIES OF THE DEBTOR.

The Debtor covenants, warrants and agrees as follows:

Section 2.01. Debtor's Duties.

The Debtor covenants and agrees well and truly to perform, abide by and to be governed and restricted by each and all of the terms, provisions, restrictions, covenants and agreements set forth in the Loan Agreements, and in each and every supplement thereto or amendment thereof which may at any time or from time to time be executed and delivered by the parties thereto or their successors and assigns, to the same extent as though each and all of said terms, provisions, restrictions, covenants and agreements were fully set out herein and as though any amendment or supplement to the Loan Agreements were fully set out in an amendment or supplement to this Security Agreement.

Section 2.02. Warranty of Title.

The Debtor owns and is possessed of the Equipment free of all Liens other than Permitted Encumbrances, and owns and is possessed of the Collateral other than the Equipment free of all Liens, and has full power and lawful authority to assign, transfer, deliver and pledge the Collateral. As long as any Notes are outstanding hereunder, the Debtor will not subject the Collateral to any Lien other than Permitted Encumbrances. The Debtor hereby does and will forever warrant and defend the title to the Collateral against the claims and demands of all persons whomsoever.

Section 2.03. Further Assurances.

The Debtor will, at its own expense, do, execute, acknowledge and deliver all and every further acts, deeds, conveyances, transfers and assurances necessary or proper for the perfection of the security interest being herein provided for in the Collateral, whether now owned or hereafter acquired. Without limiting the foregoing but in furtherance of the security interest herein granted in the Rentals and Supplemental Rent under the Lease, the Debtor covenants and agrees that it will notify the Lessee of this Security Agreement as provided in Section 16 of the Lease and that, subject to the right of the Debtor herein provided to receive and collect Rentals and Supplemental Rent under the Lease if and so long as no Default or Event of Default hereunder shall have occurred and be continuing, the Debtor will direct the Lessee to make all payments of Rentals and Supplemental Rent under the Lease directly to the Security Trustee or as the Security Trustee may direct.

Section 2.04. After-acquired Property.

Any and all property described or referred to in the granting clauses hereof which is hereafter acquired shall ipso facto, and without any further conveyance, assignment or act on the part of the Debtor or the Security Trustee, become and be subject to the security interest herein granted as fully and completely as though specifically described herein, but nothing in this Section 2.04 contained shall be deemed to modify or change the obligation of the Debtor under Section 2.03 hereof.

Section 2.05. Recordation and Filing.

The Debtor will cause this Security Agreement and all supplements hereto, the Lease and all supplements thereto, and all financing and continuation statements and similar notices required by applicable law, at all times to be kept, recorded and filed at its own expense in such manner and in such places as may be required by law in order fully to preserve and protect the rights of the Security Trustee hereunder, and will at its own

expense furnish to the Security Trustee, promptly after the execution and delivery of this Security Agreement and of each supplemental Security Agreement and after receipt of written request from the Security Trustee or the holder of any Note at any other time, an opinion of counsel stating that in the opinion of such counsel this Security Agreement or such supplement, as the case may be, has been properly recorded or filed for record so as to make effective of record the security interest intended to be created hereby.

Section 2.06. Modifications of the Lease.

The Debtor will not:

(a) declare a default or exercise the remedies of the Lessor under, or terminate, modify or accept a surrender of, or offer or agree to any termination, modification or surrender of, the Lease or by affirmative act consent to the creation or existence of any security interest or other lien to secure the payment of indebtedness upon the leasehold estate created by the Lease or any part thereof (other than Permitted Encumbrances); or

(b) receive or collect or permit the receipt or collection of any payment of Rental or Supplemental Rent under the Lease prior to the date the same shall be due and payable pursuant to the provisions of the Lease or assign, transfer or hypothecate (other than to the Trustee hereunder) any payment of Rental or Supplemental Rent then due or to accrue in the future under the Lease in respect of the Equipment; or

(c) sell, mortgage, transfer, assign or hypothecate (other than to the Security Trustee hereunder) its interest in the Equipment or any part thereof or in any amount to be received by it from the use or disposition of the Equipment.

Section 2.07. Power of Attorney in Respect of the Lease.

The Debtor does hereby irrevocably constitute and appoint the Security Trustee, its true and lawful attorney with full power of substitution, for it and in its name, place and stead, during the continuation of any Default or Event of Default, to ask, demand, collect, receive, receipt for, sue for, compound and give acquittance for any and all Rental and Supplemental Rent and other sums which are assigned under the Granting Clauses hereof with full power to settle, adjust or compromise any claim thereunder as fully as the Debtor could itself do, and to endorse the name of the Debtor on all commercial paper given in payment or in part payment thereof, and in its discretion to file any claim or take any other action or proceedings, either in its own name or in the name of the Debtor or otherwise, which the Security Trustee may deem necessary

or appropriate to protect and preserve the right, title and interest of the Security Trustee in and to such Rental and Supplemental Rent and other sums and the security intended to be afforded hereby.

Section 2.08. Payment of Indebtedness.

The Debtor will promptly pay the Indebtedness Hereby Secured as and when the same or any part thereof becomes due (whether by lapse of time, declaration, demand or otherwise).

Section 2.09. Payment of Taxes.

The Debtor shall report, pay and discharge, or cause to be reported, paid and discharged, when due all license and registration fees, assessments, sales, use and property taxes, gross receipts taxes arising out of receipts from use or operation of the Collateral, and other taxes, fees and governmental charges similar or dissimilar to the foregoing, together with any penalties or interest thereon, imposed by any state, federal or local government upon any of the Collateral and whether or not the same shall be assessed against or in the name of the Debtor or the Lessee; provided, however, that the Debtor shall not be required to pay or discharge any such tax or assessment (i) so long as it shall, in good faith and by appropriate legal proceedings, contest the validity thereof in any reasonable manner which will not affect or endanger the title and interest of the Debtor to the Collateral, or (ii) as to assessments against or in the name of anyone other than the Debtor or the Lessee, until 20 days after written notice thereof shall have been given to the Debtor or the Lessee, as the case may be.

Section 2.10. Rules, Laws and Regulations.

The Debtor agrees to comply with all governmental laws, regulations, requirements and rules (including the rules of the United States Department of Transportation) with respect to the use, maintenance and operation of each Item of Equipment subject to the Lease. In case any equipment or appliance is required to be installed on such Item of Equipment in order to comply with such laws, regulations, requirements and rules, the Debtor agrees to make such changes, additions and replacements.

Section 2.11. Use and Maintenance of Equipment.

The Debtor shall use or permit the use of the Equipment only in the continental United States of America, except that said Equipment may be used intermittently in Canada so long as such use shall be of such a term so as not to jeopardize the U.S. Internal Revenue Code defined Investment Tax Credit and in any event not on a regular or sustained basis, and such Equipment shall be used only in the manner for which it was designed and intended and so as to subject it only to ordinary wear and tear. The Debtor shall, at its own cost and expense, maintain and keep the Equipment in good order, condition and repair, ordinary wear and tear excepted, suitable for use in interchange. The Debtor shall not modify any Item of

Equipment without the written authority and approval of the Security Trustee which shall not be unreasonably withheld.

Section 2.12. Insurance.

(a) Liability Insurance. The Debtor will cause the Security Trustee to be named as an additional insured under any public liability insurance policies now or hereafter maintained by the Lessee pursuant to Section 11.1 of the Lease.

(b) Reports. The Debtor shall from time to time furnish the Security Trustee with certificates or other satisfactory evidence of compliance with the requirements of Section 2.12(a) hereof.

Section 2.13. Duty to Number and Mark Equipment.

The Debtor shall cause to be plainly, permanently stencilled on each side of each Item of Equipment in letters not less than one (1) inch in height the car numbers specified in Schedule A to the Lease and the ownership legend specified in Schedule B to the Lease, and shall immediately replace any such stencilling which becomes illegible, wholly or in part. Should changes or additions be required in the foregoing legend, the Debtor shall make such changes or additions, and the expense thereof shall be borne by the Debtor. The Debtor shall keep the cars free from any marking which might be interpreted as a claim of ownership thereof by anyone other than the Debtor; and will not change, or permit to be changed, the car numbers referred to above, without the prior written consent of the Security Trustee.

Section 2.14. Performance of Lease; New Lease(s).

The Debtor will duly and punctually perform and observe each and all of its covenants, duties, warranties, obligations and undertakings arising under and in connection with the Lease and the Items of Equipment leased thereunder. If the Debtor shall fail to perform and discharge such covenants, duties, obligations and undertakings, the Security Trustee or the holder of any Note may, but shall not be obligated to (i) make advances to perform the same and (ii) perform any and all acts required by the Debtor's covenants, warranties and undertakings contained in the Lease and to take all such action as in the Security Trustee's or such Noteholder's opinion may be necessary or appropriate therefor. No such advance, performance or other act shall be deemed to relieve the Debtor from any Event of Default hereunder. The Debtor agrees to repay all sums advanced by the Security Trustee or the holder of any Note to remedy such default upon demand, together with interest at the rate of 10-7/8% per annum from the date of such advance until repaid. All such sums, together with interest as aforesaid, shall become additional Indebtedness Hereby Secured, but no such advance shall be deemed to relieve the Debtor from any default hereunder.

Upon termination of the Lease by the Debtor following an event of default thereunder or otherwise, the Debtor will use all reasonable efforts to substitute one or more new leases covering all of the Equipment then subject to the lien of the Security Agreement and containing terms and provisions substantially similar to the terms and provisions of the Lease; and will promptly assign such new lease or leases and the Rentals and Supplemental Rents due and to become due thereunder to the Security Trustee upon the same terms and conditions as the Lease is hereby assigned.

Section 2.15. Reports, Inspection and Certificates.

(a) Reports as to Equipment. In the month of December of each year throughout the term of the Lease and any extensions thereof, the Debtor shall deliver to the Security Trustee and each Noteholder an annual certification in the form prescribed by Section 12.2 of the Lease, signed by an officer of the Lessee dated within 15 days of the date of it being delivered to the Security Trustee and each Noteholder and including thereon a representation by the Debtor to the effect that it has no reason to believe that any of the information contained in such certification is untrue or incorrect as of the date thereof.

(b) Annual Certificate. The Debtor shall furnish to the Security Trustee and each Noteholder on or before January 1 in each year commencing with 1977, a certificate signed by the President or any Vice President of the Debtor, dated as of the preceding September 30, certifying that (i) the Debtor is not in default under any provisions of this Security Agreement or specifying all such defaults and what action is being taken by the Debtor to remedy the same and (ii) no default under the Lease on the part of the Lessee has occurred and is continuing.

(c) Notice of Event of Default. Immediately upon becoming aware of the existence of any condition or event which constitutes a Default or an Event of Default, the Debtor shall provide the Security Trustee and each Noteholder a written notice specifying the nature and period of existence thereof and what action the Debtor is taking and proposes to take with respect thereto.

(d) Notice of Default under Lease. The Debtor agrees promptly to deliver to the Security Trustee and each Noteholder notice of any nonpayment of rentals when due under the Lease or the occurrence of any default or other event under the Lease which, with the lapse of time or the giving of notice, or both, would constitute an event of default thereunder.

Section 2.16. Indemnification.

The Debtor does hereby assume and agree to indemnify, protect, save and keep harmless the Security Trustee, each Noteholder, its agents and servants, from and against any and all losses, damages, injuries, claims, demands and expenses, including legal expenses, of whatsoever kind or nature arising out of or on

account of the use, condition (including, without limitation, latent and other defects and whether or not discoverable) or operation of all or any part of the Equipment and by whomsoever used or operated. Such indemnity shall continue in full force and effect, notwithstanding the release of this Security Agreement.

Section 2.17. Maintenance of Corporate Existence.

The Debtor will preserve and keep in full force and effect its corporate existence, rights and franchises and all licenses and permits necessary to the performance of its obligations hereunder, except as otherwise provided in Section 2.18.

Section 2.18. Restrictions on Mergers, Consolidations and Sales of Assets.

The Debtor will not sell, lease, transfer or otherwise dispose of all or a substantial portion of its corporate property or assets to any person, firm or corporation or consolidate with or merge into any other corporation or permit another corporation to merge into it unless (i) the successor formed by or resulting from such consolidation or merger or to which such sale, lease or other disposition shall have been made shall be a solvent corporation organized under the laws of the United States of America or a State thereof or the District of Columbia; (ii) such successor corporation (if other than the Debtor) shall assume all of the Debtor's obligations under this Security Agreement, the Notes, the Loan Agreements and the Lease; and (iii) immediately after such merger, sale, lease or other disposition, such successor corporation shall not be in default in the performance or observance of any of the covenants, agreements or conditions contained in the Loan Agreements, this Security Agreement or the Lease.

Section 2.19. Rental Payments Account and Related Records.

The Debtor does hereby covenant and agree that out of all payments of Rentals and Supplemental Rent from time to time received by it pursuant to the terms of the Lease prior to a Default or Event of Default, one-twelfth of the amount of the installment of principal and one-sixth of the amount of the installment of interest payable on the Notes on the interest or principal Payment Date, as the case may be, next succeeding the receipt by the Debtor of such Rentals or Supplemental Rent, and any and all payments of Rentals and Supplemental Rent from time to time received by the Debtor pursuant to the terms of the Lease after a Default or Event of Default, shall be deposited as and when received in a special account

maintained by the Debtor with the Security Trustee under the designation "No. 2 Rail Car Leasing Company - Chicago, Milwaukee, St. Paul and Pacific Railroad Company Lease Rental Payment Account". Prior to the time such monies are deposited in such Account, the Debtor shall segregate and hold such monies in trust for the account of the Security Trustee. The Debtor further covenants and agrees that it will keep true books and records and accounts in respect of Rentals and Supplemental Rent payable in respect of the Equipment or the Lease.

SECTION 3. POSSESSION, USE AND RELEASE OF PROPERTY.

Section 3.01. Possession of Collateral.

(a) If and so long as no Default or Event of Default has occurred and is continuing, the Debtor shall be suffered and permitted to remain in full possession, enjoyment and control of the Equipment and to manage, operate and use the same and each part thereof with the rights and franchises appertaining thereto, provided, always that the possession, enjoyment, control and use of the Equipment shall at all times be subject to the observance and performance of the terms of this Security Agreement. It is expressly understood that the use and possession of an Item of Equipment by the Lessee under and subject to the Lease shall not constitute a violation of this Section 3.01.

(b) If and so long as no Default or Event of Default shall have occurred and be continuing hereunder, and subject to the provisions of Section 2.19 hereof, the Debtor shall be suffered and permitted to receive and collect all Rentals and Supplemental Rent as the same shall become due and payable under the Lease.

Section 3.02. Release of Equipment -- Payment of Casualty Value by Lessee.

So long as no Event of Default under the Lease has occurred and is continuing to the knowledge of the Security Trustee, the Security Trustee shall execute a release in respect of any Item of Equipment when designated by the Lessee for a cash settlement pursuant to Section 11 of the Lease upon receipt of: (i) written notice from the Lessee pursuant to Section 11 of the Lease, and (ii) settlement by the Lessee for the Equipment in compliance with Section 11 of the Lease.

Section 3.03. Release of Equipment - Consent of Noteholders.

In addition to the sale, exchange or release pursuant to the foregoing Section 3.02, the Debtor may sell or otherwise dispose of any Item of Equipment then subject to the lien of

this Security Agreement, and the Security Trustee shall release the same from the lien hereof to the extent and on the terms and upon compliance with the conditions provided for in any written consent given thereto at any time or from time to time by the Noteholders.

Section 3.04. Protection of Purchaser.

No purchaser in good faith of property purporting to be released hereunder shall be bound to ascertain the authority of the Security Trustee to execute the release, or to inquire as to any facts required by the provisions hereof for the exercise of such authority; nor shall any purchaser, in good faith, of any item or unit of the mortgaged property be under obligation to ascertain or inquire into the conditions upon which any such sale is hereby authorized.

SECTION 4. APPLICATION OF CERTAIN MONEYS RECEIVED BY THE SECURITY TRUSTEE; PREPAYMENTS.

Section 4.01. Prepayments.

Except to the extent provided for in this Section 4, the Notes shall not be subject to prepayment or redemption in whole or in part at the option of the Debtor prior to the expressed maturity dates thereof.

Section 4.02. Application of Moneys.

As more fully set forth in the granting clauses hereof, the Debtor has hereby granted to the Security Trustee a security interest in Rentals and Supplemental Rent due and to become due under the Lease in respect of the Equipment as security for the Notes. So long as no Default or Event of Default has occurred and is continuing to the knowledge of the Security Trustee:

(a) Rentals. The amounts from time to time received by the Security Trustee which constitute payment of the installments of Rental under the Lease shall be applied first, to the payment of the installments of principal and interest on the Notes which will mature on the respective principal and interest Payment Dates next succeeding the receipt by the Security Trustee of such installments of Rental and second, the balance, if any, of such amounts shall be paid to or upon the order of the Debtor on such Payment Date.

(b) Casualty Value. The amounts from time to time received by the Security Trustee which constitute payment by the Lessee of the Casualty Value of Items of Equipment pursuant to Section 11.3 of the Lease shall be held by the Security Trustee in accordance with the provisions of Section 6.05 hereof until the aggregate amount of such Casualty Value payments so held by the Security Trustee shall exceed \$100,000, at which time such aggregate amount shall be applied as follows: first, an amount equal to the aggregate Loan Value of the Items of Equipment in respect of which such Casualty Value payments were received shall be applied to the payment or prepayment of the principal of and accrued and unpaid interest on the Notes, and each of the remaining installments of the Notes shall be reduced in the proportion that the principal amount of the prepayment bears to the unpaid principal amount of the Notes immediately prior to the prepayment, and second, the balance, if any, of such amount shall be paid to or upon the order of the Debtor.

(c) Insurance Proceeds. The amounts received by the Security Trustee from time to time which constitute proceeds of insurance maintained by the Debtor or the Lessee in respect of the Equipment shall be held by the Security Trustee as a part of the Collateral and shall be applied by the Security Trustee from time to time to any one or more of the following purposes:

(1) Repair or Replacement. If no Default or Event of Default shall have occurred and be continuing to the knowledge of the Security Trustee, the proceeds of such insurance shall, if the Items of Equipment which were lost, damaged or destroyed are to be repaired or replaced, be released to the Debtor or the Lessee, as the case may be, to reimburse such party for expenditures made for such repair, restoration or replacement of such Items of Equipment upon receipt by the Security Trustee of: (i) a certificate of the President, the Treasurer or a Vice President of the Debtor or the Lessee, as the case may be, showing in reasonable detail the purpose for which the expenditures were made and the actual cash expenditures made for such purpose and stating that no Default or Event of Default has occurred and is continuing, and (ii) a supplement hereto sufficient, as shown by an opinion of counsel (which may be counsel for the Debtor or the Lessee) in form and content satisfactory to the Security Trustee, to grant a security interest in any additions to or substitutions for the Items of Equipment to the Security Trustee, which opinion shall also cover the filing and/or recording of such supplement so as to perfect the security interest in such additions or substitutions, or in the alternative, an opinion that no such supplement is required for such purpose; and

(2) Application to Notes. If the insurance proceeds shall not have been released to the Debtor or the Lessee pursuant to the preceding paragraph (1) within six months from the receipt thereof by the Security Trustee, then so long as no Default or Event of Default shall have occurred and be continuing to the knowledge of the Security Trustee, the insurance proceeds shall be applied by the Security Trustee on the first Payment Date occurring not less than six months after receipt thereof as follows:

(i) First, to the prepayment of the Notes, all in the manner provided for by Section 4.02(b) hereof; and

(ii) Second, the balance, if any, of such insurance proceeds held by the Security Trustee after making the application provided for by the preceding subparagraph (i) shall be released to or upon the order of the Debtor.

Section 4.03. Notice of Prepayment; Partial Prepayment; Termination of Interest.

(a) In the case of any prepayment of the Notes pursuant to Sections 3.03, 4.02(b) or 4.02(c) hereof, notice thereof in writing to the holders of the Notes to be prepaid shall be sent by the Debtor by certified or registered mail, postage prepaid, to the holder of each Note to be prepaid, at least 30 days prior to the date fixed for prepayment. Any notice so mailed shall be conclusively presumed to have been given to such holder whether or not such holder actually receives such notice. Such notice shall specify the date fixed for prepayment, the provision hereof under which such prepayment is being effected and that on the date fixed for prepayment there will become due and payable upon each Note or portion thereof so to be prepaid at the place where the principal of the Notes to be prepaid is payable, the specified amount of principal thereof, together with the accrued interest to such date, with such premium, if any, as is payable thereon and after such date interest thereon shall cease to accrue.

(b) In the event of any partial prepayment of the Notes pursuant to Sections 3.03, 4.02(b) or 4.02(c) hereof, the aggregate principal amount of the Notes to be prepaid shall be prorated by the Security Trustee among the holders thereof in proportion to the unpaid principal amount of such Notes held by them and the Security Trustee shall designate the portions of the Notes of each such holder to be prepaid.

(c) Interest on any Note designated for prepayment or on any portion of the principal amount of any Note designated for prepayment shall cease upon the date fixed for prepayment unless default shall be made in the payment of the amount payable upon the prepayment thereof.

Section 4.04. Amortization Schedules.

Concurrently with the notice of any partial prepayment of any Note, the Debtor shall deliver to the Security Trustee two copies of an amortization schedule with respect to such Note setting forth the amount of the installment payments to be made on such Note after the date of such partial prepayment and the unpaid principal balance of such Note after each such installment payment. The Security Trustee shall deliver, or send by first class mail, postage prepaid, one such copy of the applicable schedule to the holder of such Note at its address set forth in the Register.

Section 4.05. Default.

If an Event of Default has occurred and is continuing, all amounts received by the Security Trustee pursuant to the granting clauses hereof shall be applied in the manner provided for in Section 5 in respect of proceeds and avails of the Collateral.

SECTION 5. EVENTS OF DEFAULT.

Section 5.01. Nature of Events.

An "Event of Default" shall exist if any of the following occurs and is continuing:

(a) Principal Payments - the Debtor fails to make any payment of principal on any Note on or before 10 days after the date such payment is due;

(b) Interest Payments - the Debtor fails to make any payment of interest on any Note on or before 10 days after the date such payment is due;

(c) Covenant Defaults - the Debtor fails to perform or observe any covenant, condition or agreement to be performed or observed by it under this Agreement, or the Guarantor fails to perform or observe any covenant, condition or agreement to be performed or observed by it under the Guaranty Agreement, and in either case such failure continues

unremedied for more than thirty days after the Security Trustee or the holder of any Note has given written notice of such failure to the Debtor or the Guarantor, as the case may be;

(d) Termination of Guaranty Agreement - the Guaranty Agreement, for any reason whatsoever, shall cease to be in full force and effect;

(e) Warranties or Representations - any warranty, representation or other statement by or on behalf of the Debtor or the Guarantor contained in the Loan Agreements, the Guaranty Agreement or this Agreement or in any instrument furnished in compliance with or in reference to the Loan Agreements, the Guaranty Agreement or this Agreement is false or misleading in any material respect;

(f) Default on Indebtedness or Other Security - the Debtor or the Guarantor fails to make any payment due on any indebtedness or other Security or any event shall occur (other than the mere passage of time) or any condition shall exist in respect of any indebtedness or other Security of the Debtor or the Guarantor, or under any agreement securing or relating to such indebtedness or other Security, the effect of which is (i) to cause (or permit any holder of such indebtedness or other Security or a trustee to cause) such indebtedness or other Security, or a portion thereof, to become due prior to its stated maturity or prior to its regularly scheduled dates of payment, or (ii) to permit a trustee or the holder of any Security (other than common stock of the Debtor or the Guarantor) to elect a majority of the directors on the Board of Directors of the Debtor or the Guarantor;

(g) Involuntary Bankruptcy Proceedings - a receiver, liquidator or trustee of the Debtor or the Guarantor, or of any of the Property of either, is appointed by court order and such order remains in effect for more than 30 days; or the Debtor or the Guarantor is adjudicated bankrupt or insolvent; or any of the Property of either is sequestered by court order and such order remains in effect for more than 30 days; or a petition is filed against the Debtor or the Guarantor under any bankruptcy, reorganization, arrangement, insolvency, re-adjustment of debt, dissolution or liquidation law of any jurisdiction, whether now or hereafter in effect, and is not dismissed within 30 days after such filing;

(h) Voluntary Petitions - the Debtor or the Guarantor files a petition in voluntary bankruptcy or seeking relief under any provision of any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction, whether now or hereafter in effect, or consents to the filing of any petition against it under such law;

(i) Assignments for Benefit of Creditors, Etc. - the Debtor or the Guarantor makes an assignment for the benefit of its creditors, or admits in writing its inability to pay its debts generally as they become due, or consents to the appointment of a receiver, trustee or liquidator of the Debtor or the Guarantor, or of all or any part of the Property of either;

(j) Undischarged Final Judgments - final judgment or judgments for the payment of money aggregating in excess of \$50,000 is or are outstanding against either the Debtor or the Guarantor and any one of such judgments has been outstanding for more than 30 days from the date of its entry and has not been discharged in full or stayed or appealed.

The term "Default" shall mean any event which would constitute an Event of Default if any requirement in connection therewith for the giving of notice, or the lapse of time, or the happening of any further condition, event or action has been satisfied.

Section 5.02. Security Trustee's Rights.

When any Event of Default has occurred and is continuing the Security Trustee shall have the rights, options, duties and remedies of a secured party, and the Debtor shall have the rights and duties of a debtor, under the Uniform Commercial Code of Illinois (regardless of whether such Code or a law similar thereto has been enacted in a jurisdiction wherein the rights or remedies are asserted) and without limiting the foregoing, the Security Trustee may exercise any one or more or all, and in any order, of the remedies hereinafter set forth, it being expressly understood that no remedy herein conferred is intended to be exclusive of any other remedy or remedies, but each and every remedy shall be cumulative and shall be in addition to every other remedy given herein or now or hereafter existing at law or in equity or by statute:

(a) The Security Trustee may, and upon the written request of the holders of 25% of the principal amount of the Notes then outstanding shall, by notice in writing to the Debtor declare the entire unpaid balance of the Notes to be immediately due and payable; and thereupon all such unpaid balance, together with all accrued interest thereon (but without premium), shall be and become immediately due and payable.

(b) Subject always to the then existing rights, if any, of the Lessee under the Lease, the Security Trustee personally or by agents or attorneys, shall have the right (subject to compliance with any applicable mandatory legal requirements) to take immediate possession of the Collateral, or any portion thereof, and for that purpose may pursue the same wherever it may be found, and may enter any of the premises of the Debtor, with or without notice, demand, process of law or legal procedure, if this can be done without breach of the peace, and search for, take possession of, remove, keep and store the same, or use and operate or lease the same until sold.

(c) Subject always to the then existing rights, if any, of the Lessee under the Lease, in the event the Security Trustee shall demand possession of the Equipment then, without limiting the provisions of paragraph (b) hereof, the Debtor shall forthwith deliver possession of the Equipment to the Security Trustee in good order and repair, ordinary wear excepted. For the purpose of delivering possession of any Equipment to the Security Trustee as above required, the Debtor shall, at its own cost and expense, forthwith:

(1) assemble such Equipment and place them upon storage tracks within 100 miles of Chicago Heights, Illinois (or such other place or places as the parties hereto shall agree in writing) as the Security Trustee shall designate;

(2) provide storage at the risk of the Debtor for such Equipment on such tracks or cause the same or any thereof to be transported to any place or places on lines of a railroad within a 25-mile radius of such storage tracks on which the Equipment has been assembled, all as directed by the Security Trustee.

The assembling, delivery, storage and transporting of the Equipment as hereinabove provided are of the essence of this Security Agreement, and upon application to any court of equity having jurisdiction in the premises, the Security Trustee shall be entitled to a decree against the Debtor requiring specific performance of the covenants of the Debtor so to assemble, deliver, store and transport the Equipment.

(d) Subject always to the then existing rights, if any, of the Lessee under the Lease, the Security Trustee may, if at the time such action may be lawful and always subject to compliance with any mandatory legal requirements, either with or without taking possession and either before or after taking possession, and without instituting any legal proceedings whatsoever, and having first given notice of such sale by registered mail to the Debtor once at least ten days prior to the date of such sale, and any other notice which may be required by law, sell and dispose of said Collateral, or any part thereof, at public auction to the highest bidder, in one lot as an entirety or in separate lots, and either for cash or on credit and on such terms as the Security Trustee may determine, and at any place (whether or not it be the location of the Collateral or any part thereof) designated in the notice above referred to. Any such sale or sales may be adjourned from time to time by announcement at the time and place appointed for such sale or sales, or for any such adjourned sale or sales, without further published notice, and the Security Trustee or the holder or holders of Notes, or of any interest therein, may bid and become the purchaser at any such sale.

(e) The Security Trustee may proceed to protect and enforce this Security Agreement and said Notes by suit or suits or proceedings in equity, at law or in bankruptcy, and whether for the specific performance of any covenant or agreement herein contained or in execution or aid of any power herein granted; or for foreclosure hereunder, or for the appointment of a receiver or receivers for the mortgaged property or any part thereof, or for the recovery of judgment for the Indebtedness Hereby Secured or for the enforcement of any other proper, legal or equitable remedy available under applicable law.

(f) Subject always to the then existing rights, if any, of the Lessee under the Lease, the Security Trustee may proceed to exercise all rights, privileges and remedies of the Debtor under the Lease and may

exercise all such rights and remedies either in the name of the Security Trustee or in the name of the Debtor for the use and benefit of the Security Trustee.

Section 5.03. Acceleration Clause.

In case of any sale of the Collateral, or of any part thereof, pursuant to any judgment or decree of any court or otherwise in connection with the enforcement of any of the terms of this Security Agreement, the principal of the Notes, if not previously due, and the interest accrued thereon, shall at once become and be immediately due and payable; also in the case of any such sale, the purchaser or purchasers, for the purpose of making settlement for or payment of the purchase price, shall be entitled to turn in and use the Notes and any claims for interest matured and unpaid thereon, in order that there may be credited as paid on the purchase price the sum apportionable and applicable to the Notes including principal and interest thereof out of the net proceeds of such sale after allowing for the proportion of the total purchase price required to be paid in actual cash.

Section 5.04. Waiver by Debtor.

The Debtor covenants that it will not at any time insist upon or plead, or in any manner whatever claim or take any benefit or advantage of, any stay or extension law now or at any time hereafter in force, nor claim, take, nor insist upon any benefit or advantage of or from any law now or hereafter in force providing for the valuation or appraisal of the Collateral or any part thereof, prior to any sale or sales thereof to be made pursuant to any provision herein contained, or to the decree, judgment or order of any court of competent jurisdiction; nor, after such sale or sales, claim or exercise any right under any statute now or hereafter made or enacted by any state or otherwise to redeem the property so sold or any part thereof, and hereby expressly waives for itself and on behalf of each and every person, except decree or judgment creditors of the Debtor acquiring any interest in or title to the Collateral or any part thereof subsequent to the date of this Security Agreement, all benefit and advantage of any such law or laws, and covenants that it will not invoke or utilize any such law or laws or otherwise hinder, delay or impede the execution of any power herein granted and delegated to the Security Trustee, but will suffer and permit the execution of every such power as though no such power, law or laws had been made or enacted.

Section 5.05. Effect of Sale.

Any sale, whether under any power of sale hereby given or by virtue of judicial proceedings, shall operate to divest all right, title, interest, claim and demand whatsoever, either at law or in equity, of the Debtor in and to the property sold and shall

be a perpetual bar, both at law and in equity, against the Debtor, its successors and assigns, and against any and all persons claiming the property sold or any part thereof under, by or through the Debtor, its successors or assigns (subject, however, to the then existing rights, if any, of the Lessee under the Lease).

Section 5.06. Application of Sale Proceeds.

The proceeds and/or avails of any sale of the Collateral, or any part thereof, and the proceeds and the avails of any remedy hereunder shall be paid to and applied as follows:

(a) To the payment of costs and expenses of foreclosure or suit, if any, and of such sale, and of all proper expenses, liability and advances, including legal expenses and attorneys' fees, incurred or made hereunder by the Security Trustee, or the holder or holders of the Notes and of all taxes, assessments or liens superior to the lien of these presents, except any taxes, assessments or other superior lien subject to which said sale may have been made;

(b) To the payment to the holder or holders of the Notes of the amount then owing or unpaid on the Notes for principal and interest; and in case such proceeds shall be insufficient to pay in full the whole amount so due, owing or unpaid upon the Notes, then ratably according to the aggregate of such principal and the accrued and unpaid interest with application on each Note to be made, first, to the unpaid principal thereof, and second, to unpaid interest thereon; and

(c) To the payment of the surplus, if any, to the Debtor, its successors and assigns, or to whomsoever may be lawfully entitled to receive the same.

Section 5.07. Discontinuance of Remedies.

In case the Security Trustee shall have proceeded to enforce any right under this Security Agreement by foreclosure, sale, entry or otherwise, and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely, then and in every such case the Debtor, the Security Trustee and the holders of the Notes shall be restored to their former positions and rights hereunder with respect to the property subject to the security interest created under this Security Agreement.

Section 5.08. Cumulative Remedies.

No delay or omission of the Security Trustee or of the holder of any Note to exercise any right or power arising from any default on the part of the Debtor, shall exhaust or impair

any such right or power or prevent its exercise during the continuance of such default. No waiver by the Security Trustee, or the holder of any Note, of any such default, whether such waiver be full or partial, shall extend to or be taken to affect any subsequent default, or to impair the rights resulting therefrom except as may be otherwise provided herein. No remedy hereunder is intended to be exclusive of any other remedy but each and every remedy shall be cumulative and in addition to any and every other remedy given hereunder or otherwise existing; nor shall the giving, taking or enforcement of any other or additional security, collateral or guaranty for the payment of the indebtedness secured under this Security Agreement operate to prejudice, waive or affect the security of this Security Agreement or any rights, powers or remedies hereunder, nor shall the Security Trustee or holder of any of the Notes be required to first look to, enforce or exhaust such other or additional security, collateral or guaranties.

SECTION 6. THE SECURITY TRUSTEE.

Section 6.01. Certain Duties and Responsibilities of Security Trustee.

(a) Except during the continuance of an Event of Default:

(1) the Security Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Security Agreement, and no implied covenants or obligations shall be read into this Security Agreement against the Security Trustee; and

(2) in the absence of bad faith on its part, the Security Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Security Trustee and conforming to the requirements of this Security Agreement; but in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Security Trustee, the Security Trustee shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Security Agreement.

(b) Within 30 days after the Security Trustee has knowledge of the occurrence of any default hereunder, the Security Trustee shall send notice to all Noteholders of such default unless the same shall have been cured or waived.

(c) In case an Event of Default has occurred and is continuing, the Security Trustee shall exercise such of the rights and powers vested in it by this Security Agreement for the benefit of the holders of the Notes, and use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

(d) No provision of this Security Agreement shall be construed to relieve the Security Trustee from liability for its own negligent action, its own negligent failure to act or its own willful misconduct, except that:

(1) this subsection shall not be construed to limit the effect of subsection (a) of this Section;

(2) the Security Trustee shall not be liable for any error of judgment made in good faith by an officer of the Security Trustee unless it shall be proved that the Security Trustee was negligent in ascertaining the pertinent facts;

(3) the Security Trustee shall not be liable to the holder of any Note with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the holders of two-thirds principal amount of the Notes outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Security Trustee, or exercising any trust or power conferred upon the Security Trustee under this Security Agreement; and

(e) No provision of this Security Agreement shall require the Security Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

(f) Whether or not therein expressly so provided, every provision of this Security Agreement relating to the conduct or affecting the liability of or affording protection to the Security Trustee shall be subject to the provisions of this Section.

Section 6.02 Rights to Compensation and Indemnification; Lien Therefor.

(a) The Debtor covenants to pay to the Security Trustee such compensation for its services hereunder as shall be agreed to by the Debtor and the Security Trustee or, in the absence of such agreement, reasonable compensation therefor (which shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust), and to pay, or reimburse, the Security Trustee for all reasonable expenses incurred hereunder, including the reasonable compensation, expenses and disbursements of such agents, representatives, experts and counsel as the Security Trustee may employ in connection with the exercise and performance of its powers and duties hereunder.

(b) The Debtor will also indemnify and save the Security Trustee harmless against any liabilities, not arising from the Security Trustee's own default or negligence or bad faith, which it may incur in the exercise and performance of its rights, powers and trusts, duties and obligations hereunder.

(c) As security for such compensation, expenses, disbursements and indemnification, the Security Trustee shall have the benefit of the lien hereby created in priority to the indebtedness evidenced by the Notes issued hereunder.

Section 6.03 Certain Rights of Security Trustee.

(a) The Security Trustee shall not be responsible for any recitals herein or in the Loan Agreements or for insuring the Equipment, or for paying or discharging any tax, assessment, governmental charge or lien affecting the Collateral, or for the recording, filing or refiling of this Security Agreement, or of any supplemental or further mortgage or trust deed, nor shall the Security Trustee be bound to ascertain or inquire as to the performance or observance of any covenants, conditions or agreements contained herein or in the Loan Agreements, and, except in the case of a default in the payment of the principal of, or interest or premium, if any, on any Note or a default of which the Security Trustee has actual knowledge, the Security Trustee shall be deemed to have knowledge of any default in the performance or observance of any such covenants, conditions or agreements only upon receipt of written notice thereof from the Debtor or from one of the holders of the Notes. The Security Trustee shall promptly notify all holders of Notes of any default of which the Security Trustee has actual knowledge. Upon receipt by the Security Trustee of such written notice from a holder of a Note, the Security Trustee shall promptly notify all other holders of Notes of such notice and the default referred to therein, by prepaid registered mail addressed to them at their addresses set forth in the Register.

(b) The Security Trustee makes no representation or warranty as to the validity, sufficiency or enforceability of this Security Agreement, the Notes, the Loan Agreements or any instrument included in the Collateral, or as to the value, title, condition, fitness for use of, or otherwise with respect to, any Equipment or Item of Equipment or any substitute therefor. The Security Trustee shall not be accountable to anyone for the use or application of any of the Notes or the proceeds thereof or for the use or application of any property or the proceeds thereof which shall be released from the lien and security interest hereof in accordance with the provisions of this Security Agreement.

(c) The Security Trustee may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties.

(d) Any request, direction or authorization by the Debtor shall be sufficiently evidenced by a request, direction or authorization in writing, delivered to the Security Trustee, and signed in the name of the Debtor by its Chairman of the Board, President, any Vice President, Treasurer or Secretary; and any resolution of the Board of Directors of the Debtor shall be sufficiently evidenced by a copy of such resolution certified by its Secretary or an Assistant Secretary to have been duly adopted and to be in full force and effect on the date of such certification, and delivered to the Security Trustee.

(e) Whenever in the administration of the trust herein provided for the Security Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a certificate purporting to be signed by the Chairman of the Board, the President, any Vice President, the Treasurer or the Secretary of the Debtor and delivered to the Security Trustee, and such certificate shall be full warrant to the Security Trustee or any other person for any action taken, suffered or omitted on the faith thereof, but in its discretion the Security Trustee may accept, in lieu thereof, other evidence of such fact or matter or may require such further or additional evidence as it may deem reasonable.

(f) The Security Trustee may consult with counsel, appraisers, engineers, accountants and other skilled persons to be selected by the Security Trustee, and the written advice of any thereof within the scope of their respective areas of expertise shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon.

(g) The Security Trustee shall be under no obligation to take any action to protect, preserve or enforce any rights or interests in the Collateral or to take any action towards the execution or enforcement of the trusts hereunder or otherwise hereunder, whether on its own motion or on the request of any other person, which in the opinion of the Security Trustee may involve loss, liability, or expense, unless the Debtor or one or more holders of the Notes outstanding shall offer and furnish reasonable security or indemnity against loss, liability and expense to the Security Trustee.

(h) The Security Trustee shall not be liable to the holder of any Note for any action taken or omitted by it in good faith and believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Security Agreement.

(i) The Security Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note or other paper or document, unless requested in writing to do so by the holders of not less than a majority in principal amount of the Notes then outstanding.

(j) The Security Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys.

(k) The provisions of paragraphs (c) to (j), inclusive, of this Section 6.03 shall be subject to the provisions of Section 6.01 hereof.

Section 6.04. Showings Deemed Necessary by Security Trustee.

Notwithstanding anything elsewhere in this Security Agreement contained, the Security Trustee shall have the right, but shall not be required, to demand in respect of withdrawal of any cash, the release of any property, the subjection of any after-acquired property to the lien of this Security Agreement, or any other action whatsoever within the purview hereof, any showings, certificates, opinions, appraisals or other information by the Security Trustee deemed necessary or appropriate in addition to the matters by the terms hereof required as a condition precedent to such action.

Section 6.05. Monies Held and Paid by Security Trustee;
Investments.

Any monies at any time paid to or held by the Security Trustee hereunder until paid out by the Security Trustee as herein provided shall be held in trust for the purpose for which they were received, and may be carried by the Security Trustee on non-interest bearing deposit with itself. Provided that no Default or Event of Default has occurred and is continuing, the Security Trustee, at the request of the Debtor, shall invest and reinvest such monies held by or deposited with it in Investments (as hereinafter defined), at such prices, including any premium and accrued interest, as are set forth in the Debtor's request, such Investments to be held by the Security Trustee in trust for the benefit of the Noteholders.

The Security Trustee, on behalf of the Debtor, shall make all payments or prepayments of principal and interest on the Notes to the Noteholders, when the same are due. In the event such amounts are not sufficient to make such payments or prepayments on the Notes, the Security Trustee shall notify the Debtor of the amount of such deficiency, and the Debtor shall forthwith deposit such funds with the Security Trustee for payment or prepayment on the Notes. If no Default or Event of Default shall have occurred and be continuing, the Security Trustee shall, immediately after making all required payments or prepayments when due as aforesaid, unless the Debtor shall otherwise request, pay over to the Debtor the funds then held by the Security Trustee hereunder.

The Security Trustee may make investments permitted by this Section 6.05 through its own bond department.

As used herein the term Investments shall mean:

(a) Certificates of deposit maturing within one year from the date of acquisition issued by a bank or trust company organized under the laws of the United States or any state thereof having capital, surplus and undivided profits aggregating at least \$50,000,000;

(b) Commercial paper rated "Prime-1" by NCO/Moody's Commercial Paper Division of Moody's Investors Service, Inc. or "A-1" by Standard & Poor's Corporation and maturing within 270 days from the date of creation thereof; and

(c) Direct obligations of the United States of America, or any agency thereof or obligations guaranteed by the United States of America, provided that such obligations mature within 12 months from the date of acquisition thereof.

Section 6.06. Resignation of Security Trustee.

The Security Trustee may resign and be discharged of the trusts hereby created by mailing notice specifying the date when such resignation shall take effect to the Debtor and to the holders of the Notes at their addresses set forth in the Register. Such resignation shall take effect on the date specified in such notice (being not less than thirty days after the mailing of such notice) unless previously a successor security trustee shall have been appointed as hereinafter provided, in which event such resignation shall take effect immediately upon the appointment of such successor.

Section 6.07. Removal of Security Trustee.

The Security Trustee may be removed by an instrument or concurrent instruments in writing signed and acknowledged by the holders of a majority in principal amount of the Notes and delivered to the Security Trustee and to the Debtor.

Section 6.08. Successor Security Trustee.

Each security trustee appointed in succession of the Security Trustee named in this Security Agreement, or its successor in the trust, shall be a trust company or banking corporation having an office in the City of Chicago, Illinois, in good standing and having a capital and surplus aggregating at least \$50,000,000 if there be such a trust company or banking corporation qualified, able and willing to accept the trust upon reasonable or customary terms.

Section 6.09. Appointment of Successor Security Trustee.

In case at any time the Security Trustee shall resign or be removed or become incapable of acting, a successor security trustee may be appointed by the holders of a majority in aggregate principal amount of the Notes at the time outstanding, by an instrument or instruments in writing executed by such holders and filed with such successor security trustee.

Until a successor security trustee shall be so appointed by the holders of the Notes, a successor security trustee may be appointed by the Debtor by an instrument in writing executed by the Debtor and delivered to the successor security trustee, or upon application of the retiring security trustee, by any court of competent jurisdiction. Any successor security trustee appointed pursuant to this paragraph shall immediately and without further act be superseded by a successor security trustee appointed by the holders of a majority in aggregate principal amount of the Notes then outstanding.

Section 6.10. Merger or Consolidation of Security Trustee.

Any company into which the Security Trustee, or any successor to it in the trust created by this Security Agreement, may be merged or converted or with which it or any successor to it may be consolidated or any company resulting from any merger or consolidation to which the Security Trustee or any successor to it shall be a party (provided such company shall be a corporation organized under the laws of the State of Illinois or of the United States of America, having a capital and surplus of at least \$50,000,000), shall be the successor to the Security Trustee under this Security Agreement without the execution or filing of any paper or any further act on the part of any of the parties hereto. The Debtor covenants that in case of any such merger, consolidation or conversion it will, upon the request of the merged, consolidated or converted corporation, execute, acknowledge and cause to be recorded or filed suitable instruments in writing to confirm the estates, rights and interests of such corporation as security trustee under this Security Agreement.

Section 6.11. Conveyance Upon Request of Successor Security Trustee.

Should any deed, conveyance or instrument in writing from the Debtor be required by any successor security trustee for more fully and certainly vesting in and confirming to such new security trustee such estates, rights, powers and duties, then upon request any and all such deeds, conveyances and instruments in writing shall be made, executed, acknowledged and delivered, and shall be caused to be recorded and/or filed, by the Debtor.

Section 6.12. Acceptance of Appointment by Successor.

Any new security trustee appointed pursuant to any of the provisions hereof shall execute, acknowledge and deliver to the Debtor an instrument accepting such appointment; and thereupon such new security trustee, without any further act, deed or conveyance, shall become vested with all the estates, properties, rights, powers and trusts of its predecessor in the rights hereunder with like effect as if originally named as security trustee herein; but nevertheless, upon the written request of the Debtor or of the successor security trustee, the security trustee ceasing to act shall execute and deliver an instrument transferring to such successor security trustee, upon the trusts herein expressed, all the estates, properties, rights, powers and trusts of the security trustee so ceasing to act, and shall duly assign, transfer and deliver any of the property and moneys held by such security trustee to the successor security trustee so appointed in its or his place.

SECTION 7. SUPPLEMENTAL INDENTURES; WAIVERS.

Section 7.01. Supplemental Indentures Without Noteholders' Consent.

The Debtor and the Security Trustee from time to time and at any time subject to the restrictions in this Security Agreement contained, may enter into an indenture or indentures supplemental hereto and which thereafter shall form a part hereof for any one or more or all of the following purposes:

(a) to add to the covenants and agreements to be observed by, and to surrender any right or power reserved to or conferred upon, the Debtor;

(b) to subject to the security interest of this Security Agreement additional property hereafter acquired by the Debtor and intended to be subjected to the security interest of this Security Agreement, and to correct and amplify the description of any property subject to the security interest of this Security Agreement;

(c) to permit the qualification of this Security Agreement under the Trust Indenture Act of 1939, as amended, or any similar Federal statute hereafter in effect, except that nothing herein contained shall permit or authorize the inclusion of the provisions referred to in Section 316(a)(2) of said Trust Indenture Act of 1939 or any corresponding provision in any similar Federal statute hereafter in effect; or

(d) for any other purpose not inconsistent with the terms of this Security Agreement, or to cure any ambiguity or cure, correct or supplement any defect or inconsistent provisions of this Security Agreement or any supplement;

and the Debtor covenants to perform all requirements of any such supplemental indenture. No restriction or obligation imposed upon the Debtor may, except as otherwise provided in this Security Agreement, be waived or modified by such supplemental indentures, or otherwise.

Section 7.02. Waivers and Consents by Noteholders; Supplemental Indentures with Noteholders' Consent.

Upon the waiver or consent of the holders of at least 75% in aggregate principal amount of the Notes (a) the Debtor may take any action prohibited or omit the taking of any action required, by any of the provisions of this Security Agreement or any indenture supplemental hereto, or (b) the Debtor and the Security Trustee may enter into an indenture or indentures supplemental hereto for the purpose of adding, changing or eliminating any provisions of this Security Agreement or of any indenture supplemental hereto or modifying in any manner the rights and

obligations of the holders of the Notes and the Debtor; provided, that no such waiver or supplemental indenture shall (i) extend the time of payment (including any required prepayment) of the principal of or the interest and premium, if any, on any Note or reduce the principal amount thereof or change the rate of interest thereon, (ii) permit the creation of any lien or security interest with respect to any of the Collateral, without the consent of the holders of all the Notes at the time outstanding, (iii) effect the deprivation of the holder of any Note of the benefit of the security interest of this Security Agreement upon all or any part of the Collateral without the consent of such holder, (iv) reduce the aforesaid percentage of the aggregate principal amount of the Notes, the holders of which are required to consent to any such waiver or supplemental indenture pursuant to this Section, without the consent of the holders of all of the Notes at the time outstanding, or (v) modify the rights, duties or immunities of the Security Trustee, without the consent of the holders of all of the Notes at the time outstanding.

SECTION 8. INTERPRETATION OF THIS AGREEMENT.

Section 8.01. Terms Defined.

As used in this Security Agreement, the following terms have the following respective meanings:

(a) The term "Affiliate" shall mean a Person (1) which directly or indirectly through one or more intermediaries controls, or is controlled by, or is under common control with, the Company, (2) which beneficially owns or holds 5% or more of any class of the Voting Stock of the Company or (3) 5% or more of the Voting Stock (or in the case of a Person which is not a corporation, 5% or more of the equity interest) of which is beneficially owned or held by the Company or a Subsidiary. The term "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

(b) The term "Casualty Occurrence" shall mean with respect to any Item of Equipment any of the following events: (i) the Item shall become lost or stolen, (ii) the Item shall become destroyed, (iii) the Item shall in the opinion of the Lessee be irreparably damaged or (iv) the Item shall be requisitioned or taken over by any governmental authority under the power of eminent domain or otherwise.

(c) The term "Casualty Value" shall mean with respect to an Item of Equipment the amount payable by the Lessee with respect to any Item of Equipment which has suffered a Casualty Occurrence.

(d) The term "Collateral" is defined in the Granting Clauses hereof.

(e) The term "Default" is defined in Section 5.01 hereof.

(f) The term "Equipment" or "Items of Equipment" shall mean the railroad rolling stock described in Schedule A hereto, together with any accessories, equipment, parts and appurtenances, whether now owned or hereafter acquired. "Item" or "Item of Equipment" shall mean any one of said Items of Equipment.

(g) The term "Event of Default" is defined in Section 5.01 hereof.

(h) The term "Guarantor" shall mean Thrall Car Manufacturing Company, a Delaware corporation, or any successor to its obligations under the Guaranty Agreement.

(i) The term "Guaranty Agreement" shall mean the Guaranty Agreement dated as of June 1, 1976 of the Guarantor in respect of the Notes substantially in the form attached to the Loan Agreements as Exhibit B, and as the same may be from time to time amended with the consent of the holders of the Notes.

(j) The term "Indebtedness Hereby Secured" shall mean the Notes and all principal thereof and interest (and premium, if any) thereon and all additional amounts and other sums at any time due and owing from or required to be paid by the Debtor under the terms of the Notes, this Security Agreement or the Loan Agreements.

(k) The term "Lease" shall mean the Equipment Lease dated as of June 1, 1976 between the Debtor, as lessor, and Chicago, Milwaukee, St. Paul and Pacific Railroad Company, a Wisconsin corporation, as lessee, substantially in the form attached hereto as Exhibit 2, and any and all leases substituted therefor pursuant to Section 2.14 hereof.

(l) The term "Lenders" shall mean General American Life Insurance Company and Nationwide Life Insurance Company, as lenders under the Loan Agreements.

(m) The term "Lessee" shall mean Chicago, Milwaukee, St. Paul and Pacific Railroad Company, a Wisconsin corporation, and any other lessee of an Item of Equipment and their respective successors and assigns.

(n) The term "Liens" shall mean any interest in Property securing an obligation owed to, or a claim by, a Person other than the owner of the Property, whether such interest is based on the common law, statute or contract, and including but not limited to the security interest lien arising from a mortgage, encumbrance, pledge, conditional sale or trust receipt or a lease, consignment or bailment for security purposes. The term "Lien" shall include reservations, exceptions, encroachments, easements, rights-of-way, covenants, conditions, restrictions, leases and other title exceptions and encumbrances affecting Property. For the purposes of this Agreement, a Person shall be deemed to be the owner of any Property which it has acquired or holds subject to a conditional sale agreement or other arrangement pursuant to which title to the Property has been retained by or vested in some other person for security purposes.

(o) The term "Loan Agreements" shall mean the separate Loan Agreements, each dated as of June 1, 1976, as amended from time to time, between the Debtor and, respectively, General American Life Insurance Company and Nationwide Life Insurance Company.

(p) The "Loan Value" of an Item of Equipment as of any date shall be the amount which bears the same relationship to the unpaid principal amount of the Notes as of such date as the Original Loan Value of such Item of Equipment, as set forth in Schedule A hereto, bears to \$2,500,000.

(q) The terms "Noteholder" and "Holder" shall mean the registered owner of a Note.

(r) The term "Payment Date" is defined in Section 1.01 hereof.

(s) The term "Permitted Encumbrances" shall mean, with respect to any Item of Equipment, but only to the extent applicable to such Item, (i) the right, title and interest of the Lessee under the Lease, (ii) the lien of taxes not required at the time to be paid pursuant to Section 2.09 hereof and (iii) the lien of this Security Agreement.

(t) The term "Person" shall mean an individual, partnership, corporation, trust or unincorporated organization, and a government or agency or political subdivision thereof.

(u) The term "Property" shall mean any interest in any kind of property or asset, whether real, personal or mixed, or tangible or intangible.

(v) The term "Rentals" shall mean, for any Item of Equipment, the aggregate rent payable for such Item pursuant to the Lease, and for all Items of Equipment all such Rentals payable for the Equipment.

(w) The terms "Security" or "Securities" shall have the same meaning as in Section 2(1) of the Securities Act of 1933, as amended.

(x) The term "Subsidiary" of a corporation shall mean any other corporation of which such corporation owns more than 50% of the Voting Stock.

(y) The term "Supplemental Rent" shall mean all amounts, liabilities and obligations which the Lessee assumes or agrees to pay under the Lease including without limitation insurance payments, if any, and payments of Casualty Value, but excluding Rentals.

(z) The term "Voting Stock" shall mean securities of any class or classes of a corporation the holders of which are ordinarily, in the absence of contingencies, entitled to elect a majority of the corporate directors (or Persons performing similar functions).

Section 8.02. Accounting Principles.

Where the character or amount of any asset or liability or item of income or expense is required to be determined or any consolidation or other accounting computation is required to be made for the purposes of this Security Agreement, this shall be done in accordance with generally accepted accounting principles at the time in effect, to the extent applicable, except where such principles are inconsistent with the requirements of this Agreement.

Section 8.03. Directly or Indirectly.

Where any provision of this Security Agreement refers to action to be taken by any Person or which such Person is prohibited from taking, such provisions shall be applicable whether such action is taken directly or indirectly by such Person.

Section 8.04. Governing Law.

This Security Agreement and the Notes shall be governed by and construed in accordance with Illinois law.

SECTION 9. MISCELLANEOUS.

Section 9.01. Successors and Assigns.

Whenever any of the parties hereto is referred to such reference shall be deemed to include the successors and assigns of such party; and all the covenants, premises and agreements in this Security Agreement contained by or on behalf of the Debtor or by or on behalf of the Security Trustee, shall bind and inure to the benefit of the respective successors and assigns of such parties whether so expressed or not.

Section 9.02. Partial Invalidity.

The unenforceability or invalidity of any provision or provisions of this Security Agreement shall not render any other provision or provisions herein contained unenforceable or invalid.

Section 9.03. Communications.

All communications provided for herein shall be in writing and shall be deemed to have been given (unless otherwise required by the specific provisions hereof in respect of any matter) when delivered personally or when deposited in the United States mail, certified mail, postage prepaid, addressed as follows:

If to the Debtor:	No. 2 Rail Car Leasing Company P. O. Box 218 Chicago Heights, Illinois 60411 Attention: Stanley D. Christianson
If to the Guarantor:	Thrall Car Manufacturing Company P. O. Box 218 Chicago Heights, Illinois 60411 Attention: R. L. Duchossois
If to the Security Trustee:	Continental Illinois National Bank and Trust Company of Chicago, as Trustee 231 South LaSalle Street Chicago, Illinois 60690 Attention: Corporate Trust Department

or to the Debtor, the Guarantor or the Security Trustee at such other address as the Debtor, the Guarantor or the Security Trustee may designate by notice duly given in accordance with this Section to the other parties. Communications to the holder of a Note shall be deemed to have been given (unless otherwise provided for by the specific provisions hereof in respect of any matter) when delivered personally or when deposited in the United States mail, certified mail, postage prepaid, addressed to such holder at its address set forth in the Register.

CONTINENTAL ILLINOIS NATIONAL BANK
AND TRUST COMPANY OF CHICAGO,
as Trustee

By Donald W. Gey
Its Vice President

[CORPORATE SEAL]

ATTEST:

SECURITY TRUSTEE

Don't Hand
TRUST OFFICER ~~Secretary~~

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

On this 27 day of September, 1976, before me personally appeared STANLEY D. CHRISTIANSON and John A. Hartigan, to me personally known, who being by me duly sworn, said that they were, respectively, Vice President and Asst. Secretary of NO. 2 RAIL CAR LEASING COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors; and they acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Carolyn A. Smaron
Notary Public

[SEAL]

My Commission Expires: 12/5/76

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

On this 27th day of September, 1976, before me personally appeared DONALD W. ALVIN and DENIS E. HART, to me personally known, who being by me duly sworn, said that they were, respectively, Vice President and TRUST OFFICER of CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO, as Trustee, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors; and they acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

R. S. Donovan
Notary Public R. S. DONOVAN

[SEAL]

My Commission Expires: April 26, 1980

NO. 2 RAIL CAR LEASING COMPANY

9-7/8% SECURED NOTE

No. R-

\$

, 19

FOR VALUE RECEIVED, the undersigned, NO. 2 RAIL CAR LEASING COMPANY, an Illinois corporation (the "Company"), promises to pay to

or registered assigns, the principal amount of

in fifteen equal annual installments as follows:

\$ _____ on _____, 1977; and
\$ _____ on each _____ thereafter to
and including _____, 1991

and to pay interest (computed on the basis of a 360-day year of twelve 30-day months) on the principal amount from time to time remaining unpaid hereon at the rate of 9-7/8% per annum from the date hereof until maturity, payable semi-annually on each _____ and _____ in each year, commencing with _____, 1977. The Company agrees to pay interest on overdue principal and (to the extent legally enforceable) on any overdue installment of interest at the rate of 10-7/8% per annum after maturity, whether by acceleration or otherwise, until paid.

All payments of principal of and interest on this Note shall be made at the principal office of Continental Illinois National Bank and Trust Company of Chicago, 231 South LaSalle Street, Chicago, Illinois 60690, in coin or currency of the United States of America which at the time of payment shall be legal tender for the payment of public and private debts.

This Note is one of the Secured Notes (the "Notes") issued or to be issued pursuant to the separate Loan Agreements, each dated as of June 1, 1976 (the "Loan Agreements"), entered into by the Company with the Lenders named in Schedule 1 thereto (the "Lenders") and is equally and ratably with said other Notes

EXHIBIT 1
(to Security Agreement-Trust Deed)

secured by that certain Security Agreement-Trust Deed dated as of June 1, 1976 (the "Security Agreement") from the Company to Continental Illinois National Bank and Trust Company of Chicago, as Trustee (the "Security Trustee").

This Note and the holder hereof are entitled, equally and ratably with the holders of all other Notes, to all of the benefits and security provided for by or referred to in the Loan Agreements and the Security Agreement and all supplemental Security Agreements executed pursuant to the Loan Agreements and the Security Agreement, to which instruments reference is hereby made for a statement thereof, including a description of the collateral, the nature and extent of the security and the rights of the Security Trustee, the holder or holders of the Notes and the Company in respect thereof.

The terms and provisions of the Security Agreement and the rights and obligations of the Company and the rights of the holders of the Notes may be changed and modified to the extent permitted by and as provided in the Security Agreement.

This Note is the subject of a Guaranty Agreement of Thrall Car Manufacturing Company under and pursuant to which payment of principal of and interest and premium, if any, on, the Notes has been fully guaranteed by Thrall Car Manufacturing Company.

This Note is registered on the books of the Security Trustee and is transferable only by surrender thereof at the principal office of the Security Trustee duly endorsed or accompanied by a written instrument of transfer duly executed by the registered holder of this Note or his attorney duly authorized in writing. Payment of or on account of principal, premium, if any, and interest on this Note shall be made only to or upon the order in writing of the registered holder.

This Note and any other Note outstanding under the Security Agreement may be declared due prior to its and their expressed maturity date all in the events, on the terms and in the manner provided for in the Security Agreement. Certain prepayments are required to be made hereon on the terms and in the manner provided for in the Security Agreement.

NO. 2 RAIL CAR LEASING COMPANY

By _____

Its

This is one of the Notes referred to in the within-mentioned Security Agreement.

Dated:

CONTINENTAL ILLINOIS NATIONAL
BANK AND TRUST COMPANY OF
CHICAGO, as Trustee

By _____
Authorized Officer

THIS NOTE HAS NOT BEEN REGISTERED PURSUANT TO THE SECURITIES ACT OF 1933, AS AMENDED, OR THE SECURITIES LAW OF ANY STATE, AND MAY BE OFFERED OR SOLD ONLY IF SO REGISTERED OR IF AN EXEMPTION FROM SUCH REGISTRATION IS AVAILABLE

THIS EQUIPMENT LEASE dated as of June 1, 1976 between NO. 2 RAIL CAR LEASING COMPANY, an Illinois corporation (the "Lessor"), and CHICAGO, MILWAUKEE, ST. PAUL AND PACIFIC RAILROAD COMPANY, a Wisconsin corporation (the "Lessee");

W I T N E S S E T H:

WHEREAS, the Lessor has agreed to purchase from THRALL CAR MANUFACTURING COMPANY (the "Manufacturer") the railroad equipment (collectively the "Equipment" and individually as "Item of Equipment") described in Schedule A attached hereto and made a part hereof; and

WHEREAS, the Lessor has or intends to assign all its rights, titles and interests hereunder to the CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO, as Trustee ("Assignee") pursuant to a Security Agreement dated as of June 1, 1976 between the Lessor and the Assignee; and

WHEREAS, the Lessee desires to lease all of the Items of Equipment or such lesser number as are delivered to and accepted on or prior to the outside delivery date set forth in said Schedule, at the rentals and for the terms and upon the conditions hereinafter provided;

NOW, THEREFORE, in consideration of the premises and of the rentals to be paid and the covenants hereinafter mentioned to be kept and performed by the Lessee, the Lessor hereby leases the Equipment to the Lessee upon the following terms and conditions.

EXHIBIT 2
(to Security Agreement Trust Deed)

SECTION 1. DELIVERY AND ACCEPTANCE OF EQUIPMENT.

The Lessor will cause each Item of Equipment to be tendered to the Lessee at the place of delivery set forth in Schedule A. Upon such tender, the Lessee will cause an authorized representative of the Lessee to inspect the same, and if such Item of Equipment is found to conform to the specifications therefor, to accept delivery of such Item of Equipment and to execute and deliver to the Lessor and to the Manufacturer thereof a certificate of acceptance (hereinafter called "Certificate of Acceptance") substantially in the form attached hereto as Schedule B, whereupon such Item of Equipment shall be deemed to have been delivered to and accepted by the Lessee and shall be subject thereafter to all of the terms and conditions of this Lease.

SECTION 2. RENTALS AND PAYMENT DATES.

2.1. This is a net lease and Lessee agrees to pay to Lessor in immediately available United States funds the monthly rental stated in Schedule A ("Fixed Rental") covering said cars from the date each car is delivered to the Lessee, and until cars are delivered to Lessor upon expiration of the rental term specified in said Schedule A. Such rentals shall be paid to the Lessor, P. O. Box 218, Chicago Heights, Illinois 60411 or such other place as the Lessor or its Assignees pursuant to Section 16 hereof may hereafter direct. Payment with respect to each Item of Equipment will be made in arrears on the first day of every month during the rental term thereof, except that on the first monthly payment date for each Item of Equipment, the rent paid with respect thereto shall be pro rata for the period intervening the date of delivery thereof and the date of such payment.

2.2. The parties hereto agree that the Lessor shall be entitled to all Investment Tax Credit on all subject cars as provided in the applicable provisions of the Internal Revenue Code of 1954, as amended to the date hereof. If any portion or all of such Credit is at any time or times not available to Lessor because of any act or omission of the Lessee or because of any change in the Code, as it is interpreted on the date hereof, the Fixed Rental hereunder shall immediately increase by an amount which is equal to the after tax value of such unavailable investment tax credit.

2.3. The Lessee shall not be entitled to any abatement of rent or reduction thereof, including, but not limited to, abatements or reductions due to any present or future claims of the Lessee against the Lessor under this Lease or otherwise or against Manufacturer or against the Assignee, nor except as otherwise expressly provided herein, shall this Lease terminate, or the respective obligations of the Lessor or the Lessee be otherwise affected, by reason of any defect in or damage to or loss or destruction of all or any of the

Equipment from whatsoever cause, the taking or requisitioning of the Equipment by condemnation or otherwise, the lawful prohibition of Lessee's use of the Equipment, the interference with such use by any government, private person or corporation, the invalidity or unenforceability or lack of due authorization or other infirmity of this Lease, or lack of right, power or authority of the Lessor to enter into this Lease, or for any other cause whether similar or dissimilar to the foregoing, any present or future law to the contrary notwithstanding, it being the intention of the parties hereto that the rents and other amounts payable by the Lessee hereunder shall continue to be payable in all events unless the obligation to pay the same shall be terminated pursuant to Section 11 hereof, or until, pursuant to Section 13 hereof, the Equipment is placed and ready for delivery to the Lessor on the Lessee's lines, or is stored for the Lessor on the Lessee's lines or leaves the Lessee's lines for off-line delivery to the Lessor.

SECTION 3. TERM OF THE LEASE.

The term of this Lease as to each Item of Equipment shall begin on the date of delivery to and acceptance by the Lessee of such Item of Equipment and, subject to the provisions of Section 11 and Section 14 hereof, shall terminate on the date for payment of the one hundred eightieth installment of Fixed Rental provided for in Section 2.1 hereof.

SECTION 4. TITLE TO THE EQUIPMENT.

4.1. The Lessor warrants and represents it is acquiring full legal title to the Equipment, and it is understood that Lessee shall acquire no right, title or interest to the Equipment except as Lessee hereunder notwithstanding the delivery of the Equipment to and the possession and use thereof by the Lessee.

4.2. The Lessee shall plainly, permanently stencil the ownership legend specified in Schedule B on each side of each Item of Equipment in letters not less than one (1) inch in height and the car numbers specified within Schedule A, and immediately replace any such stencilling which becomes illegible, wholly or in part. Should changes or additions be required in the foregoing legend, Lessee shall make such changes or additions, and the expense thereof shall be borne by the Lessee. The Lessee shall keep the Equipment free from any marking which might be interpreted as a claim of ownership thereof by anyone other than the Lessor; and will not change, or permit to be changed, the identifying car numbers (except as provided in Section 4.3 hereof).

4.3. Lessee may place advertising (including names, or initials, or other insignia customarily used by the Lessee on Equipment of the same or similar type) on each Item of Equipment, so long as

such does not designate the Lessee as owner. Lessee, upon prior written consent of Lessor and Assignee, may change the car numbers of any one or more than one of the Items of Equipment, all at Lessee's expense.

4.4. Lessee represents, warrants and covenants that each Item of Equipment is now or will be prior to being placed in operation and shall remain throughout the term of this Lease marked and identified in accordance with the car numbers provided for within Schedule A attached hereto and also the legend provided for within Schedule B.

SECTION 5. DISCLAIMER OF WARRANTIES.

AS BETWEEN LESSOR AND LESSEE, LESSOR LEASES THE EQUIPMENT, AS-IS WITHOUT WARRANTY OR REPRESENTATION EITHER EXPRESS OR IMPLIED, AS TO THE FITNESS OR MERCHANTABILITY OF ANY ITEM OR ITEMS OF EQUIPMENT, IT BEING AGREED THAT ALL SUCH RISKS, AS BETWEEN THE LESSOR AND THE LESSEE, ARE TO BE BORNE BY THE LESSEE. The Lessor hereby appoints and constitutes the Lessee its agent and attorney-in-fact during the term of this Lease to assert and enforce, from time to time, in the name and for the account of the Lessor and the Lessee, as their interests may appear, but in all cases at the sole cost and expense of the Lessee, whatever claims and rights the Lessor may have as owner of the Equipment against the Manufacturer.

SECTION 6. LESSEE'S INDEMNITY.

6.1. Scope of Indemnity. The Lessee shall defend, indemnify and save harmless the Lessor and its successors and assigns from and against:

(a) any and all loss or damage of or to the Equipment, usual wear and tear excepted; and

(b) any claim, cause of action, damages, liability, cost or expense (including reasonable counsel fees and costs in connection therewith) which may be incurred in any manner by or for the account of any of them (i) relating to the Equipment or any part thereof, including without limitation, the design, construction, purchase, delivery, installation, ownership, leasing or return of the Equipment or as a result of the use, maintenance, repair, replacement, operation or the condition thereof (whether defects are latent or discoverable by the Lessor or by the Lessee); (ii) by reason or as the result of any act or omission of the Lessee for itself as agent or attorney-in-fact for the Lessor hereunder; (iii) as a result of claims for patent infringements as to the Equipment; or (iv) as a result of claims for negligence or strict liability in tort as to the Equipment or as to Lessee's use or possession thereof.

6.2. Continuation of Indemnities and Assumptions. The indemnities and assumptions of liability in this Section 6 contained shall continue in full force and effect notwithstanding the termination of this Lease, or the termination of the term hereof in respect of any one or more Items of Equipment, whether by expiration of time, by operation of law or otherwise; provided, however, that such indemnities and assumption of liability shall not apply in respect of any matters referred to in subsection (a) or clause (i) or (ii) or (iv) of subsection (b) of Section 6.1 hereof, arising after the termination of this Lease, except for any such matters arising after such termination in connection with the Lessee's assembling, delivering, storing or transporting of the Equipment as provided in Sections 13 or 15, as the case may be. The Lessee shall be entitled to control and has full responsibility for the defense of such claim or liability.

SECTION 7. RULES, LAWS AND REGULATIONS.

The Lessee agrees to comply with all governmental laws, regulations, requirements and rules (including the rules of the United States Department of Transportation) with respect to the use, maintenance and operation of each Item of Equipment subject to this Lease. In case any equipment or appliance is required to be installed on such Item of Equipment in order to comply with such laws, regulations, requirements and rules, the Lessee agrees to make such changes, additions and replacements without cost or expense to the Lessor.

SECTION 8. USE AND MAINTENANCE OF EQUIPMENT.

The Lessee shall use the Equipment only in the continental United States of America; however, said Equipment may be used intermittently in Canada (such intermittent use shall be of such a term so as not to jeopardize the U.S. Internal Revenue Code defined Investment Tax Credit, and such use shall not be on a regular or sustained basis), and such Equipment shall be used only in the manner for which it was designed and intended and so as to subject it only to ordinary wear and tear. The Lessee shall, at its own cost and expense, maintain and keep the Equipment in good order, condition and repair, ordinary wear and tear excepted, suitable for use in interchange. The Lessee shall not modify any Item of Equipment without the written authority and approval of the Lessor which shall not be unreasonably withheld. Any parts installed or replacements made by the Lessee upon any Item of Equipment shall be considered accessions to such Item of Equipment and title thereto shall be immediately vested in the Lessor, without cost or expense to the Lessor.

SECTION 9. LIENS ON THE EQUIPMENT.

The Lessee shall pay or satisfy and discharge any and all

claims against, through or under the Lessee and its successors or assigns which, if unpaid, might constitute or become a lien or a charge upon the Equipment, and any liens or charges which may be levied against or imposed upon any Item of Equipment as a result of the failure of the Lessee to perform or observe any of its covenants or agreements under this Lease, but the Lessee shall not be required to pay or discharge any such claims so long as it shall, in good faith and by appropriate legal proceedings, contest the validity thereof in any reasonable manner which will not affect or endanger the title and interest of the Lessor to the Equipment. The Lessee's obligations under this Section 9 shall survive termination of the Lease as to any claims the basis of which occurred prior to the Lessee's assembly, delivery, storing, or transporting of the Equipment as provided in Sections 13 or 15, as the case may be.

SECTION 10. FILING, PAYMENT OF FEES AND TAXES.

10.1. Filing. Prior to the delivery and acceptance of the first Item of Equipment, the Lessee will, at its sole expense, cause this Lease and, if and when requested by Lessor, all collateral documentation and any assignments thereof, to be duly filed, recorded or deposited in conformity with Section 20c of the Interstate Commerce Act and in such other places within or without the United States as the Lessor may reasonably request for the protection of its title or the security interest of the Assignee and will furnish the Lessor proof thereof. The Lessee will, from time to time, do and perform any other act and will execute, acknowledge, deliver, file, register and record (and will re-file, re-register, or re-record whenever required) any and all further instruments required by law or reasonably requested by the Lessor, for the purpose of protecting the Lessor's title to and Assignee's security interest in the Equipment, to the satisfaction of the Lessor's counsel or for the purpose of carrying out the intention of this Lease, and in connection with any such action, will deliver to the Lessor proof of such filings and an opinion of the Lessee's counsel that such action has been properly taken. The Lessee will pay all costs, charges and expenses incident to any such filing, re-filing, recording and re-recording or depositing and re-depositing of any such instruments or incident to the taking of such action.

10.2. Payment of Taxes. The Lessee, or the Lessor at the Lessee's expense, shall report, pay and discharge when due all license and registration fees, assessments, sales, use and property taxes, gross receipts taxes arising out of receipts from use or operation of the Equipment, and other taxes, fees and governmental charges similar or dissimilar to the foregoing (excluding any tax measured by the Lessor's net income and any gross receipts or gross income taxes in substitution for or by way of relief from the payment of taxes measured by such net income, provided that the Lessee agrees

to pay that portion of any such tax on or measured by rentals payable hereunder or the net income therefrom which is in direct substitution for, or which relieves the Lessee from, a tax which the Lessee would otherwise be obligated to pay under the terms of this Section), together with any penalties or interest thereon, imposed by any state, federal or local government upon any Item of Equipment and whether or not the same shall be assessed against or in the name of the Lessor or the Lessee; provided, however, that the Lessee shall not be required to pay or discharge any such tax or assessment (i) so long as it shall, in good faith and by appropriate legal proceedings, contest the validity thereof in any reasonable manner which will not affect or endanger the title and interest of the Lessor to the Equipment; however, the Lessee shall reimburse the Lessor for any damages or expenses resulting from such failure to pay or discharge; or (ii) as to assessments against or in the name of anyone other than the Lessee, until 20 days after written notice (including a copy of a written notice thereof received by Lessor, if such was in fact so received by the Lessor) thereof shall have been given to the Lessee.

SECTION 11. INSURANCE, PAYMENT FOR CASUALTY OCCURRENCE OR EQUIPMENT UNSERVICEABLE FOR USE.

11.1. Insurance. The Lessor and the Assignee shall be named as additional insureds, as their interests may appear upon all Public Liability insurance now issued to the Lessee, and any replacement thereof.

11.2. Duty of Lessee to Notify Lessor. In the event that any Item of Equipment shall be or become lost, stolen, destroyed, or, in the opinion of the Lessee, irreparably damaged or shall be requisitioned or taken over by any governmental authority under the power of eminent domain or otherwise during the term of this Lease (any such occurrence, except for any governmental requisition or taking which by its terms does not exceed the term of this Lease, being hereinafter called a "Casualty Occurrence"), the Lessee shall promptly and fully (after it has knowledge of such Casualty Occurrence) inform the Lessor in regard thereto.

11.3. Payment for Casualty Loss. The Lessee shall on each rental payment date pay to the Lessor in addition to the installment of rent otherwise due and payable on that date with respect thereto, a sum equal to the Casualty Value as of such date of any Item or Items of Equipment which have suffered a Casualty Occurrence that has come to the knowledge of the Lessee during the preceding calendar month.

11.4. Rent Termination. Upon (and not until) payment of the Casualty Value in respect of any Item or Items of Equipment and the rental installment due on such payment date, the obligation to pay rent for such Item or Items of Equipment accruing subsequent to the Casualty Value payment date shall terminate, but the Lessee shall continue to pay rent for all other Items of Equipment.

11.5. Disposition of Equipment. The Lessee shall, as agent for the Lessor, dispose of such Item or Items of Equipment having suffered a Casualty Occurrence as soon as it is able to do so for the fair market value thereof. Any such disposition shall be on an "as is", "where is" basis without representation or warranty, express or implied. As to each separate Item of Equipment so disposed of, the Lessee may retain all amounts of such price plus any insurance proceeds and damages received by the Lessee by reason of such Casualty Occurrence up to the Casualty Value attributable thereto and shall remit the excess, if any, to the Lessor. In disposing of such Item or Items of Equipment, the Lessee shall take such action as the Lessor shall reasonably request to terminate any contingent liability which the Lessor might have arising after such disposition from or connected with such Item or Items of Equipment. In the event the Lessor receives money from any governmental authority upon any such Casualty Occurrence, the Lessor shall apply that money in the same manner as it is required to do upon its or the Lessee receiving monies for any other Casualty Occurrence under this Section.

11.6. Casualty Value. The "Casualty Value" of each Item of Equipment shall be an amount determined as of the date the Casualty Value is paid as provided in this Section 11 (and not the date of the Casualty Occurrence) equal to that percentage of the original cost to the Lessor of such Item of Equipment set forth in the Schedule of Casualty Value attached hereto as Schedule C opposite such date of payment.

11.7. Risk of Loss. The Lessee shall bear the risk of loss and, except as hereinabove in this Section 11 provided, shall not be released from its obligations hereunder in the event of any Casualty Occurrence to any Item of Equipment from and after the date hereof and continuing until payment of the Casualty Value in respect of such Item of Equipment has been made, such Item or the salvage thereof has been disposed of by the Lessee and the title to such Item or the salvage thereof and all risk of loss and liabilities incident to ownership have been transferred to the purchaser of such Item or the salvage thereof.

11.8. Eminent Domain. In the event that during the term of this Lease the use of any Item of Equipment is requisitioned or taken by any governmental authority under the power of eminent domain or otherwise for an indefinite period or for a stated period which does not exceed the term of this Lease, the Lessee's obligation to pay rent shall continue for the duration of such requisitioning or taking. The Lessee shall be entitled to receive all sums payable for any such period by

such governmental authority as compensation for such requisitioning or taking of possession to an amount equal to the rent paid or payable hereunder for such period, and the balance, if any, shall be payable to and retained by the Lessor as its sole property. All such monies so received by the Lessee shall, to the extent Lessee has not already paid such rent to the Lessor, forthwith be delivered to the Lessor by the Lessee and shall be applied by the Lessor to reduce the Lessee's obligations to the Lessor as otherwise provided under the terms of this Lease.

SECTION 12. ANNUAL REPORTS.

12.1. Lessee's Financial Statements. Commencing with the year 1976, the Lessee will furnish to the Lessor or its assigns current quarterly and year-end financial statements throughout the term of this Lease.

12.2. Certification and Inspection. On or before April 1 in each year throughout the term of this Lease and any extensions thereof, the Lessee shall deliver to the Lessor an Annual Certification signed by the President or any Vice President of the Lessee and dated within 15 days of the date of it being delivered to the Lessor. That Annual Certification shall be in the following form:

Annual Certification

To Lessor:

From Lessee:

Subject Lease Date: .

Date of this Annual Certificate:

Car Numbers:

The undersigned hereby certifies to the Lessor that:

1. He is a duly authorized officer of the Lessee;
2. That he, on behalf of the Lessor, represents and warrants that the facts herein stated are true;
3. That each railroad car herein scheduled is in good order and repair, is in all respects maintained in accordance with the terms of subject Lease, and is in actual service except for the following specified cars:

A. Items of Equipment lost, damaged, destroyed or for any other reason unserviceable - cars numbered: _____

B. Items of Equipment undergoing repairs or withdrawn from use for repairs - cars numbered: _____

4. The legend required by Section 4.2 of the subject Lease has been renewed on all Items of Equipment that have been repainted or repaired since the date of the last preceding certificate, or in the case of the first certificate, since the date of this Lease.

Lessee:

By: _____
President/Vice Pres.

12.3. Lessor's Inspection Rights. In addition to the foregoing, the Lessor and the Assignee each shall have the right, at its sole cost and expense by its authorized representative, to inspect the Equipment and the Lessee's records with respect thereto, at such times as shall be reasonably necessary to confirm to the Lessor or, as the case may be, the Assignee the existence and proper maintenance thereof during the continuance of this Lease. In the event the Lessor's inspection reveals any failure of Lessee to comply with any term of this Lease, the Lessee must promptly reimburse Lessor for all costs and expenses of such inspection and must otherwise comply with all terms of this Lease.

SECTION 13. RETURN OF EQUIPMENT UPON EXPIRATION OF TERM.

Upon the expiration of the term of this Lease whether by default or otherwise with respect to any Item of Equipment, the Lessee will, at its own cost and expense, at the request of the Lessor, deliver possession of such Item of Equipment to the Lessor in good order and repair, ordinary wear and tear excepted, and upon such storage tracks of the Lessee as the Lessor may designate, or in the absence of such designation, as the Lessee may select, and permit the Lessor to store such Item of Equipment on such tracks for a period not exceeding 90 days and transport the same at any time within such 90 day period to any reasonable place on the lines of railroad operated by the Lessee or to any connecting carrier for shipment, all as directed by the Lessor upon not less than 30 days' written notice to the Lessee. All movement and storage of each such Item during such period is to be at the risk and expense of the Lessee. During any such storage period the Lessee will permit the Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser of any such Item, to inspect the same; provided, however, that the Lessee shall not be liable, except in the case of negli-

gence of the Lessee or of its employees or agents, for any injury to, or the death of, any person exercising, either on behalf of the Lessor or any prospective purchaser, the rights of inspection granted under this sentence. The assembling, delivery, storage and transporting of the Equipment as hereinbefore provided are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises, the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee to so assemble, deliver, store and transport the Equipment.

SECTION 14. DEFAULT.

14.1. Events of Default. Any of the following events shall constitute an Event of Default hereunder:

(a) Any default of 10 days or more shall be made in the payment of any part of the rental or other sums provided in Section 2 hereof or in Section 11 hereof; or

(b) The Lessee shall make or permit any unauthorized assignment or transfer of this Lease, or of possession of the Equipment, or any portion thereof, and shall fail or refuse to cause such assignment or transfer to be cancelled by agreement of all parties having any interest therein and to recover possession of such Equipment within five days after written notice is given by the Lessor to the Lessee demanding such cancellation and recovery of possession; or

(c) The Lessee having notice of 10 days or more (such notice may be from the Lessor or be the result of a notification from any source whatsoever) of its default in the observance or performance of any other of the covenants, conditions and agreements on the part of the Lessee contained herein; or

(d) A petition for reorganization under Section 77 of the Bankruptcy Act, as now constituted or as said Section 77 may be hereafter amended, shall be filed by or against the Lessee, and if filed against the Lessee, shall not be dismissed by court order within 30 days after such filing; or

(e) Any other proceedings shall be commenced by or against the Lessee for any relief under any bankruptcy or insolvency laws, or laws relating to the relief of debtors, readjustments of indebtedness, reorganizations, arrangements, compositions or extensions (other than a law which does not permit any readjustment of the indebtedness payable hereunder), and if such proceedings are involuntary, they shall have continued for a period in excess of 30 days.

14.2. Remedies. If any Event of Default has occurred and is continuing, the Lessor, at its option, may:

(a) Proceed by appropriate court action or actions, either at law or in equity, to enforce performance by the Lessee of the applicable covenants of this Lease or to recover damages for the breach thereof; or

(b) By notice in writing to the Lessee, terminate this Lease, whereupon all right of the Lessee to the use of the Equipment shall absolutely cease and terminate as though this Lease had never been made, but the Lessee shall remain liable as hereinafter provided; and thereupon, the Lessor may by its agents enter upon the premises of the Lessee or other premises where any of the Equipment may be located and take possession of all or any of such Equipment and thenceforth hold, possess and enjoy the same free from any right of the Lessee, or its successors or assigns, to use the Equipment for any purpose whatever, but the Lessor shall, nevertheless, have a right to recover from the Lessee any and all amounts which may have accrued to the date of such termination (computing the rental for any number of days less than a full rental period by a fraction of which the numerator is such accrued number of days in such full rental period and the denominator is the total number of days in such full rental period) and also to recover forthwith from the Lessee (i) as damages for loss of the bargain and not as a penalty, a sum, with respect to each Item of Equipment, which represents the excess of the present worth, at the time of such termination, of all rentals for such Item which would otherwise have accrued hereunder from the date of such termination to the end of the term of this Lease over the then present worth of the then fair rental value of such Item for such period computed by discounting from the end of such term to the date of such termination rentals which the Lessor reasonably estimates to be obtainable for the use of the Item during such period, such present worth to be computed in each case on a basis of a 5-3/4% per annum discount, compounded monthly from the respective dates upon which rentals would have been payable hereunder had this Lease not been terminated; and (ii) any damages and expenses including reasonable attorney's fees, in addition thereto which the Lessor shall have sustained by reason of the breach of any covenant or covenants of this Lease, other than for the payment of rental.

14.3. Cumulative Remedies. The remedies in this Lease provided in favor of the Lessor shall not be deemed exclusive, but shall be cumulative and shall be in addition to all other remedies in its favor existing at law or in equity. The Lessee hereby waives any mandatory requirements of law, now or hereafter in effect, which might limit or modify any of the remedies herein provided, to the extent that such waiver is permitted by law. The Lessee hereby waives

any and all existing or future claims of any right to assert any off-set against the rent payments due hereunder, and agrees to make the rent payments regardless of any off-set or claim which may be asserted by the Lessee on its behalf in connection with the lease of the Equipment.

14.4. Lessor's Failure to Exercise Rights. The failure of the Lessor to exercise the rights granted it hereunder upon any occurrence of any of the contingencies set forth herein shall not constitute a waiver of any such right upon the continuation or recurrence of any such contingencies or similar contingencies.

SECTION 15. RETURN OF EQUIPMENT UPON DEFAULT.

15.1. Lessee's Duty to Return. If the Lessor or the Assignee shall terminate this Lease pursuant to Section 14 hereof, the Lessee shall forthwith deliver possession of the Equipment to the Lessor. For the purpose of delivering possession of any Item of Equipment to the Lessor as above required, the Lessee shall at its own cost, expense and risk (except as hereinafter stated):

(a) Forthwith place such Equipment in such reasonable storage place on the Lessee's lines of railroad as the Lessor may designate or, in the absence of such designation, as the Lessee may select;

(b) Permit the Lessor to store such Equipment in such reasonable storage place on the Lessee's lines of railroad for a period not exceeding 180 days at the risk of the Lessee;

(c) Transport the Equipment, at any time within such 180 days period, to any place on the lines of railroad operated by the Lessee or to any connecting carrier for shipment, all as the Lessor may reasonably direct upon not less than 30 days written notice to the Lessee.

15.2. Specific Performance. The assembling, delivery, storage and transporting of the Equipment as hereinbefore provided are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises, the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee so as to assemble, deliver, store and transport the Equipment.

15.3. Lessor Appointed Lessee's Agent. Without in any way limiting the obligations of the Lessee under the foregoing provisions of this Section 15, the Lessee hereby irrevocably appoints the Lessor as the agent and attorney of Lessee, with full power and authority,

at any time while the Lessee is obligated to deliver possession of any Items of Equipment to Lessor, to demand and take possession of such Item in the name and on behalf of the Lessee from whosoever shall be at the time in possession of such Item.

SECTION 16. ASSIGNMENTS BY LESSOR.

This Lease and all rent and other sums due and to become due hereunder have been assigned by the Lessor to the Assignee, and all rent and other sums due and to become due hereunder shall be paid to the Assignee at 231 South LaSalle Street, Chicago, Illinois 60693, Attention: Corporate Trust Department, or at such other place as the Assignee shall specify in writing. Without limiting the foregoing, the Lessee further acknowledges and agrees that (i) the rights of the Assignee in and to the sums payable by the Lessee under any provisions of this Lease shall be absolute and unconditional and shall not be subject to any abatement whatsoever, and shall not be subject to any defense, set-off, counterclaim or re-coupment whatsoever whether by reason of or defect in Lessor's title, or any interruption from whatsoever cause (other than from a wrongful act of the Assignee) in the use, operation or possession of the Equipment or any part thereof or any damage to or loss or destruction of the Equipment or any part thereof, or by reason of any other indebtedness or liability, howsoever and whenever arising, of the Lessor to the Lessee or to any other person, firm or corporation or to any governmental authority or for any cause whatsoever, it being the intent hereof that, except in the event of a wrongful act on the part of the Assignee, the Lessee shall be unconditionally and absolutely obligated to pay the Assignee all of the rents and other sums which are the subject matter of the assignment; and (ii) the Assignee shall have the sole right to exercise all rights, privileges and remedies (either in its own name or in the name of the Lessor for the use and benefit of the Assignee) which by the terms of this Lease are permitted or provided to be exercised by the Lessor.

SECTION 17. ASSIGNMENTS BY LESSEE; USE AND POSSESSION.

17.1. Lessee's Rights to the Equipment. So long as the Lessee shall not be in default under this Lease, the Lessee shall be entitled to the possession and use of the Equipment in accordance with the terms of this Lease, but, without the prior written consent of the Lessor, the Lessee shall not sub-lease, assign, transfer or encumber its leasehold interest under this Lease in any of the Equipment (except to the extent that the provision of any mortgage now existing or hereafter created on any of the lines of the Lessee may subject such leasehold interest to the lien thereof). The Lessee shall not, without the prior written consent of the Lessor, part with the possession or control of, or suffer or allow to pass out of its possession or control, any of the Equipment, except to the extent permitted by the provisions of Section 17.2 hereof.

17.2. Use and Possession on Lines Other Than Lessee's Own.

So long as the Lessee shall not be in default under this Lease, the Lessee shall be entitled to the possession of the Equipment and to the use thereof upon the lines of railroad owned or operated by it (either alone or jointly) or by any corporation, a majority of whose voting stock (i.e., having ordinary voting power for the election of a majority of its Board of Directors) is owned directly or indirectly by the Lessee, or upon lines of railroad over which the Lessee or such corporation has trackage or other operating rights or over which Equipment of the Lessee is regularly operated pursuant to contract, and also to permit the use of the Equipment upon connecting and other railroads in the usual interchange of traffic, but only upon and subject to all the terms and conditions of this Lease. Notwithstanding the foregoing, the Lessee will not assign any Item of Equipment to service including the regular operation and maintenance thereof outside the continental United States of America. However, the Equipment may be intermittently but not regularly used in Canada as provided in Section 8 of this Lease. No assignment or sublease entered into by the Lessee hereunder shall relieve the Lessee of any liability or obligations hereunder which shall be and remain those of a principal and not a surety

17.3. Merger, Consolidation or Acquisition of Lessee.

Nothing in this Section 17 shall be deemed to restrict the right of Lessee to assign or transfer its leasehold interest under this Lease in the Equipment or possession of the Equipment to any corporation (which shall have duly assumed the obligations hereunder of Lessee) into or with which the Lessee shall have become merged or consolidated or which shall have acquired the property of Lessee as an entirety or substantially as an entirety.

SECTION 18. OPINION OF COUNSEL.

18.1. Concurrently with the delivery and acceptance of the first Item of Equipment hereunder, the Lessee will deliver to the Lessor ten counterparts of the written Opinion of Counsel for the Lessee addressed to the Lessor and to the Assignee, in scope and substance satisfactory to the Lessor, to the effect that:

(a) The Lessee is a corporation legally incorporated and validly existing, in good standing, under the laws of the State of Wisconsin;

(b) The Lessee has the corporate or other power and authority to own its property and carry on its business as now being conducted and to execute and perform this Lease, and is duly qualified to do business as a foreign corporation in all states in which such qualification is necessary to carry out the terms of the Lease;

(c) This Lease has been duly authorized, executed and delivered by the Lessee and constitutes the valid, legal and binding agreement of the Lessee enforceable in accordance with its terms, except as such terms may be limited by bankruptcy, insolvency, or similar laws affecting the enforcement of creditor's rights generally.

(d) This Lease has been filed and recorded with the Interstate Commerce Commission pursuant to Section 20c of the Interstate Commerce Act and no other filing, recording or depositing is necessary to protect the Lessor's title to the Equipment in the United States of America;

(e) No approval, consent or withholding of objection is required from any public regulatory body with respect to the entering into or performance by the Lessee of said Lease;

(f) The execution and delivery by the Lessee of this Lease does not violate any provision of any law, any order of any court or governmental agency, the Charter or By-Laws of the Lessee, or any indenture, agreement, or other instrument to which the Lessee is a party or by which it, or any of its property is bound, and will not be in conflict with, result in the breach of, or constitute (with due notice and/or lapse of time) a default under any such indenture, agreement or other instrument, or result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the Lessee, except as contemplated and permitted hereby;

(g) No consent, approval or authorization of any governmental authority is required on the part of the Lessee in connection with the execution and delivery of this Lease; and

(h) As to any other matter which the Lessor shall reasonably request.

18.2. Concurrently with the delivery and acceptance of the first Item of Equipment hereunder, the Lessor will deliver to the Lessee a written Opinion of Counsel for the Lessor addressed to the Lessee, in scope and substance satisfactory to the Lessee, to the effect that:

(a) The Lessor is a corporation legally incorporated and validly existing, in good standing, under the laws of the State of Illinois;

(b) The Lessor has the corporate or other power and authority to own its property and carry on its business as now being conducted and to execute and perform this Lease, and is duly qualified to do business as a foreign corporation in all states in which such qualification is necessary to carry out the terms of the Lease;

(c) This Lease has been duly authorized, executed and delivered by the Lessor and constitutes the valid, legal and binding agreement of the Lessor enforceable in accordance with its terms, except as such terms may be limited by bankruptcy, insolvency, or similar laws affecting the enforcement of creditor's rights generally; and

(d) The execution and delivery by the Lessor of this Lease does not violate any provision of any law, any order of any court or governmental agency, the Charter or By-Laws of the Lessor, or any indenture, agreement, or other instrument to which the Lessor is a party or by which it, or any of its property is bound, and will not be in conflict with, result in the breach of, or constitute (with due notice and/or lapse of time) a default under any such indenture, agreement or other instrument.

SECTION 19. INTEREST ON OVERDUE RENTALS AND AMOUNTS PAID BY LESSOR.

Anything to the contrary herein contained notwithstanding, any nonpayment of rentals due hereunder, or amounts properly expended (no interest shall accrue to Lessee until written notice of such obligation or expenditure is given to Lessee) by the Lessor on behalf of the Lessee; shall result in the additional obligation on the part of the Lessee to pay an amount equal to 12% per annum (or the lawful rate, whichever is less) on the overdue rentals and amounts expended for the period of time during which such rentals are overdue or such amounts expended and not repaid.

SECTION 20. MISCELLANEOUS.

20.1. Notices. Any notice required or permitted to be given by any party hereto to the other shall be deemed to have been given when personally delivered or three business days after being deposited in the United States certified mails, first class postage prepaid, addressed as follows:

If to the Lessor:

(a) If by mail:

NO. 2 RAIL CAR LEASING COMPANY
P. O. Box 218
Chicago Heights, Illinois 60411
Attn: Stanley D. Christianson

(b) If by personal delivery:

NO. 2 RAIL CAR LEASING COMPANY
26th and State Streets
Chicago Heights, Illinois 60411
Attn: Stanley D. Christianson

If to the Lessee:

CHICAGO, MILWAUKEE, ST. PAUL AND PACIFIC
RAILROAD COMPANY
516 West Jackson Boulevard - Room 746
Chicago, Illinois 60606
Attn: Vice President - Finance and Accounting

If to the Assignee:

CONTINENTAL ILLINOIS NATIONAL BANK AND
TRUST COMPANY OF CHICAGO, as Trustee under
a Security Agreement dated as of 6/1/76 be-
tween NO. 2 RAIL CAR LEASING COMPANY and said
Trustee
231 South LaSalle Street
Chicago, Illinois 60693
Attn: Corporate Trust Department

or addressed to either party at such other address as such party shall hereafter furnish to the other party in writing.

20.2. Execution in Counterparts. This Lease, and any lease supplemental hereto, may be executed in several counterparts, each of which so executed shall be deemed to be an original and in each case such counterparts shall constitute but one and the same instrument.

20.3. Law Governing. This Lease shall be construed in accordance with the laws of Illinois; provided, however, that the parties shall be entitled to all rights conferred by any applicable federal statute, rule or regulation.

20.4. Successors and Assigns. This Lease shall be binding upon and shall inure to the benefit of the Lessee and the Lessor and their respective permitted successors and assigns, and the term "Lessor" shall, where appropriate, be deemed to include the Assignee.

20.5. Date of Lease. This Lease is dated as of June 1, 1976 but in fact was executed by the respective parties on the dates indicated within the notarizations hereof.

NO. 2 RAIL CAR LEASING COMPANY

By: _____
Vice-President

Attest:

Assistant Secretary
(CORPORATE SEAL)

CHICAGO, MILWAUKEE, ST. PAUL AND
PACIFIC RAILROAD COMPANY

By: _____
Vice-President

Attest:

(CORPORATE SEAL)

STATE OF ILLINOIS }
COUNTY OF C O O K } SS.

On this _____ day of _____, 1976, before me personally appeared _____, to me personally known, who being by me duly sworn, says that he is a _____ of NO. 2 RAIL CAR LEASING COMPANY, an Illinois corporation, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Notary Public

(SEAL)

My Commission Expires:

STATE OF ILLINOIS }
COUNTY OF C O O K } SS.

On this _____ day of _____, 1976, before me personally appeared _____, to me personally known, who being by me duly sworn, says that he is a _____ of CHICAGO, MILWAUKEE, ST. PAUL AND PACIFIC RAILROAD COMPANY, a Wisconsin corporation, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Notary Public

(SEAL)

My Commission Expires:

SCHEDULE A
(to Equipment Lease)

MANUFACTURER:	Thrall Car Manufacturing Company
PLANT OF MANUFACTURER:	Chicago Heights, Illinois
DESCRIPTION OF EQUIPMENT:	100 - 100-Ton 56-2/3' Bulkhead Flat Cars
CAR NUMBERS:	MILW52150 to MILW62249, both inclusive
SPECIFICATIONS:	Data sheet FM-C-100-56-130
BASE PRICE:	\$35,500 per car
DELIVER TO:	Lessee
PLACE OF DELIVERY:	Chicago Heights, Faithorn, or Chicago, Illinois as the parties to subject lease may agree
ESTIMATED DELIVERY DATES:	8/2/76
OUTSIDE DELIVERY DATE:	9/30/76
FIXED RENTAL PAYMENTS:	One Hundred Eighty (180) monthly rental payments for each Item of Equipment in arrears in the amount of Three Hundred Sixty-Four and no/one hundred Dollars (\$364.00) for each Item of Equipment
RENTAL TERM:	One Hundred Eighty (180) full calendar months
LESSEE:	Chicago, Milwaukee, St. Paul and Pacific Railroad Company

CERTIFICATE OF ACCEPTANCE
UNDER EQUIPMENT LEASE

To:

No. 2 Rail Car Leasing Company ("Lessor"), and
Thrall Car Manufacturing Company ("Manufacturer")

I, a duly appointed inspector and authorized representative of CHICAGO, MILWAUKEE, ST. PAUL AND PACIFIC RAILROAD COMPANY ("Lessee"), do hereby certify that I have inspected, received, approved and accepted delivery, on behalf of the Lessee and under the Equipment Lease dated as of June 1, 1976 between the Lessor and the Lessee, the following Items of Equipment ("Equipment"):

TYPE OF EQUIPMENT: 100-Ton 56-2/3' Bulkhead Flat Car

MANUFACTURER: Thrall Car Manufacturing Company

PLACE ACCEPTED:

DATE ACCEPTED:

NUMBER OF ITEMS:

NUMBERED:

I do further certify that the foregoing Equipment is in good order and condition, and conforms to the specifications applicable thereto, and at the time of delivery to the Lessee there was plainly, distinctly, permanently and conspicuously marked in contrasting colors upon each side of each Item of Equipment the following legend in letters not less than one inch in height:

"Leased from No. 2 Rail Car Leasing Company,
as Lessor, and subject to a security interest recorded with the Interstate Commerce Commission"

SCHEDULE B
(to Equipment Lease)

SCHEDULE OF CASUALTY VALUE

The Casualty Value of an Item of Equipment payable on any rental payment date shall mean an amount equal to the per cent of total cost to the Lessor of such Item, including all taxes and delivery charges, set forth opposite such Rental Payment Date in the following schedule:

<u>Rental Payment Date on which Casualty Value is Paid (Payment in Addition to Rent Payment)</u>	<u>Percentage of Total Cost Payable As Casualty Value</u>
1 - 12	100%
13 - 24	100%
25 - 36	95%
37 - 48	90%
49 - 60	85%
61 - 72	80%
73 - 84	75%
85 - 96	70%
97 - 108	65%
109 - 120	60%
121 - 132	50%
133 - 144	40%
145 - 156	30%
157 - 168	20%
169 - 180	20%

The above percentages shall be applied to COST OF CAR (U.S. Currency)
\$35,500.00

SCHEDULE C
(to Equipment Lease)

DESCRIPTION OF EQUIPMENT

DESCRIPTION:	One hundred 100-ton 56-2/3' Bulkhead Flat Cars
MANUFACTURER:	Thrall Car Manufacturing Company
IDENTIFICATION MARKS AND NUMBERS (BOTH INCLUSIVE):	MILW 62150 through MILW 62249
ORIGINAL LOAN VALUE PER ITEM:	\$35,500.00

SCHEDULE A
(to Security Agreement-Trust Deed)